

# Memorandum



**Date:** June 21, 2016

**To:** Honorable Chairman Jean Monestime  
and Members, Board of County Commissioners

Agenda Item No. 8(D)(2)

**From:** Carlos A. Gimenez  
Mayor

**Subject:** Resolution Authorizing the Issuance of Aviation Revenue Refunding Bonds, Series 2016A and Series 2016B in an Amount Not to Exceed \$750 Million

## **Recommendation**

It is recommended that the Board of County Commissioners (Board) approve the accompanying resolution (Series 2016 Resolution), which authorizes the issuance of the Aviation Revenue Refunding Bonds, Series 2016A Non-AMT (Series 2016A Bonds) and Aviation Revenue Refunding Bonds, and Series 2016B Taxable Bonds (Series 2016B Bonds). Series 2016A Bonds and Series 2016B Bonds are collectively referred to as Series 2016 Refunding Bonds in an aggregate principal amount not to exceed \$750 million. The Series 2016 Resolution also provides for: (1) funding the cost of issuance, underwriter's discount, and a Credit Facility or Reserve Facility, if any and (2) funding the reserve requirement, if any, with proceeds of the Series 2016 Refunding Bonds or a Reserve Facility. The Series 2016 Resolution authorizes the County Mayor or County Mayor's designee and other County Officials to take all action necessary to issue the Series 2016 Refunding Bonds.

The Series 2016A Bonds are being issued to refund and redeem all or a portion of the outstanding Aviation Revenue Bonds, Series 2007B, 2008B, 2009B, and 2010A (Non-AMT Refunded Bonds). The Series 2016B Bonds are being issued to refund and redeem all or a portion of the outstanding Aviation Revenue Bonds, Series 2003E, 2007C, and 2008A, which are subject to Alternate Minimum Tax (AMT Refunded Bonds and together with the Non-AMT Refunded Bonds, the Refunded Bonds) restrictions and will be issued as Taxable Bonds.

## **Scope**

Although Miami International Airport is located in Commission District 6, which is represented by Commissioner Rebeca Sosa, it has a countywide impact.

## **Track Record/Monitoring**

The Series 2016 Refunding Bonds shall be managed by Sandra Bridgeman, Chief Financial Officer, for the Miami-Dade Aviation Department.

## **Fiscal Impact/Funding Source**

The fiscal impact of the proposed transaction is positive. Based on market conditions as of May 24, 2016, the proposed refunding generates a debt service savings of approximately \$79 million over the life of the Series 2016 Refunding Bonds, representing a net present value savings of \$55.6 million or 8.74 percent of the amount of the Refunded Bonds. The anticipated cost of issuance and underwriter's discount associated with the Series 2016 Refunding Bonds are approximately \$2.354 million and \$3.227 million, respectively. Consistent with the County's refunding policy established by R-1313-09, the net present value savings that will be achieved by issuing the Series 2016 Refunding Bonds exceeds a five (5) percent threshold and the final maturity of the Series 2016 Refunding Bonds is not greater than the final maturity of the Refunded Bonds.

Attachment 1 reflects the structure as fixed rate current interest bonds (i.e. interest paid semi-annually) for the Series 2016 Refunding Bonds and includes a comparison of the debt service on the Refunded Bonds

with the estimated debt service of the proposed Series 2016 Refunding Bonds, producing the projected annual refunding savings.

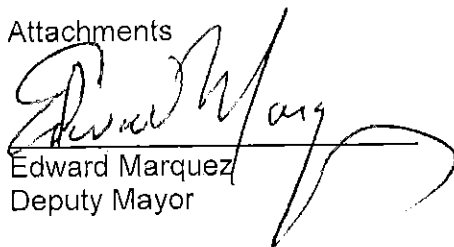
An update to Attachment 1 will be provided to the Board prior to its consideration, and once again after the Series 2016 Refunding Bonds are priced and awarded to the underwriters. The Series 2016 Refunding Bonds are expected to be sold via a negotiated transaction in August 2016.

**Background**

The Aviation Department commenced a Capital Improvement Plan (CIP) in 1993. The Board authorized the issuance of \$6.2 billion in Aviation Revenue Bonds pursuant to Ordinances 95-38, 96-31, 97-207 and 08-121 (Authorizations) of which \$5.9 billion were issued. The Refunded Bonds were issued to provide funds to pay a portion of the cost of certain projects included in the Airport's CIP.

Resolution R-130-06 provides that any County contract with a third party be finalized and executed prior to its placement on a committee agenda. The sale of the Series 2016 Bonds, which will set their final terms, will not occur until after the effective date of the Series 2016 Resolution in order to provide the County maximum flexibility in the market, as described above. Therefore, a waiver of Resolution R-130-06 is required.

Attachments

  
Edward Marquez  
Deputy Mayor

**SOURCES AND USES OF FUNDS**

Miami-Dade County, Florida  
Aviation Revenue Refunding Bonds, Series 2016A (Non-AMT)  
Aviation Revenue Refunding Bonds, Series 2016B (Taxable)  
Market Rates as of 5/24/2016  
Preliminary & Subject to Change

Dated Date 08/25/2016  
Delivery Date 08/25/2016

Sources:	Series 2016A (Non-AMT)	Series 2016B (Taxable)	Total
<b>Bond Proceeds:</b>			
Par Amount	368,510,000.00	258,165,000.00	626,675,000.00
Premium	71,526,570.80		71,526,570.80
	440,036,570.80	258,165,000.00	698,201,570.80
<b>Other Sources of Funds:</b>			
Debt Service Fund	8,404,363.03	5,317,945.32	13,722,308.35
	448,440,933.83	263,482,945.32	711,923,879.15
<b>Uses:</b>			
<b>Refunding Escrow Deposits:</b>			
SLGS Purchases	445,159,746.00	261,181,926.00	706,341,672.00
Cash Deposit		0.38	0.38
	445,159,746.00	261,181,926.38	706,341,672.38
<b>Delivery Date Expenses:</b>			
Cost of Issuance	1,383,361.33	971,469.19	2,354,830.52
Underwriter's Discount	1,897,826.50	1,329,549.75	3,227,376.25
	3,281,187.83	2,301,018.94	5,582,206.77
	448,440,933.83	263,482,945.32	711,923,879.15

## BOND SUMMARY STATISTICS

**Miami-Dade County, Florida**  
**Aviation Revenue Refunding Bonds, Series 2016A (Non-AMT)**  
**Aviation Revenue Refunding Bonds, Series 2016B (Taxable)**  
**Market Rates as of 5/24/2016**  
**Preliminary & Subject to Change**

Dated Date	08/25/2016
Delivery Date	08/25/2016
First Coupon	10/01/2016
Last Maturity	10/01/2041
Arbitrage Yield	
True Interest Cost (TIC)	3.420244%
Net Interest Cost (NIC)	3.748372%
All-In TIC	3.454099%
Average Coupon	4.562931%
Average Life (years)	13.380
Duration of Issue (years)	10.205
Par Amount	626,675,000.00
Bond Proceeds	698,201,570.80
Total Interest	382,592,986.15
Net Interest	314,293,791.60
Total Debt Service	1,009,267,986.15
Maximum Annual Debt Service	128,530,500.00
Average Annual Debt Service	40,209,879.93
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.150000
Total Underwriter's Discount	5.150000
Bid Price	110.898663

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
Serial Bonds	229,045,000.00	120.976	5.000%	13.332	10.199	217,249.45
Term Bond due in 2041	139,465,000.00	116.837	5.000%	24.753	15.264	131,097.10
Serial Bonds - Taxable	258,165,000.00	100.000	3.050%	7.278	6.538	165,325.25
	626,675,000.00			13.380		513,671.80

	TIC	All-In TIC	Arbitrage Yield
Par Value	626,675,000.00	626,675,000.00	
+ Accrued Interest			
+ Premium (Discount)	71,526,570.80	71,526,570.80	
- Underwriter's Discount	(3,227,376.25)	(3,227,376.25)	
- Cost of Issuance Expense		(2,354,830.52)	
- Other Amounts			
Target Value	694,974,194.55	692,619,364.03	
Target Date	08/25/2016	08/25/2016	08/25/2016
Yield	3.420244%	3.454099%	

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SUMMARY OF REFUNDING RESULTS

Miami-Dade County, Florida  
Aviation Revenue Refunding Bonds, Series 2016A (Non-AMT)  
Aviation Revenue Refunding Bonds, Series 2016B (Taxable)  
Market Rates as of 5/24/2016  
Preliminary & Subject to Change

	Series 2016A (Non-AMT)	Series 2016B (Taxable)	Total
Dated Date	08/25/2016	08/25/2016	08/25/2016
Delivery Date	08/25/2016	08/25/2016	08/25/2016
Arbitrage Yield	2.730406%	3.040644%	
Escrow Yield	1.048956%	0.789854%	
Value of Negative Arbitrage	18,147,024.50	7,525,985.74	25,673,010.24
Bond Par Amount	368,510,000.00	258,165,000.00	626,675,000.00
True Interest Cost	3.512119%	3.120873%	3.420244%
Net Interest Cost	3.929763%	3.120278%	3.748372%
All-In TIC	3.538387%	3.179821%	3.454099%
Average Coupon	5.000000%	3.049516%	4.562931%
Average Life	17.655	7.278	13.380
Par amount of refunded bonds	394,285,000.00	241,290,000.00	635,575,000.00
Average coupon of refunded bonds	5.120268%	5.304077%	5.158603%
Average life of refunded bonds	17.646	7.599	13.832
PV of prior debt	486,210,471.53	275,711,831.73	761,922,303.26
Net PV Savings	36,590,082.91	18,990,547.97	55,580,630.88
Percentage savings of refunded bonds	9.280110%	7.870425%	8.744937%

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SUMMARY OF BONDS REFUNDED

Miami-Dade County, Florida  
Aviation Revenue Refunding Bonds, Series 2016A (Non-AMT)  
Aviation Revenue Refunding Bonds, Series 2016B (Taxable)  
Market Rates as of 5/24/2016  
Preliminary & Subject to Change

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2003E, 2003F:					
TERM24	10/01/2023	5.125%	12,525,000.00	04/01/2018	100.000
	10/01/2024	5.125%	13,200,000.00	04/01/2018	100.000
			25,725,000.00		
Series 2007B, 2007B:					
SERIAL	10/01/2025	4.500%	1,600,000.00	10/01/2017	100.000
	10/01/2026	4.500%	100,000.00	10/01/2017	100.000
	10/01/2027	4.500%	3,105,000.00	10/01/2017	100.000
	10/01/2028	4.500%	1,860,000.00	10/01/2017	100.000
	10/01/2028	5.000%	5,095,000.00	10/01/2017	100.000
	10/01/2029	4.500%	7,735,000.00	10/01/2017	100.000
TERM31	10/01/2030	4.500%	7,865,000.00	10/01/2017	100.000
	10/01/2031	4.500%	8,205,000.00	10/01/2017	100.000
			35,565,000.00		
Series 2007C, 2007C:					
SERIAL	10/01/2020	5.250%	26,170,000.00	10/01/2017	100.000
	10/01/2021	5.250%	27,540,000.00	10/01/2017	100.000
	10/01/2022	5.250%	25,390,000.00	10/01/2017	100.000
	10/01/2023	5.250%	19,755,000.00	10/01/2017	100.000
	10/01/2024	5.250%	20,795,000.00	10/01/2017	100.000
	10/01/2025	5.250%	21,880,000.00	10/01/2017	100.000
	10/01/2026	5.250%	23,035,000.00	10/01/2017	100.000
			164,565,000.00		
Series 2008A, 2008A:					
SERIAL	10/01/2024	5.500%	10,185,000.00	10/01/2018	100.000
	10/01/2025	5.500%	13,320,000.00	10/01/2018	100.000
	10/01/2026	5.500%	14,395,000.00	10/01/2018	100.000
	10/01/2027	5.500%	13,100,000.00	10/01/2018	100.000
			51,000,000.00		
Series 2008B, 2008B:					
SERIAL	10/01/2021	4.500%	1,510,000.00	10/01/2018	100.000
	10/01/2022	4.500%	1,570,000.00	10/01/2018	100.000
	10/01/2023	4.600%	2,560,000.00	10/01/2018	100.000
	10/01/2023	5.000%	7,100,000.00	10/01/2018	100.000
	10/01/2028	4.800%	3,260,000.00	10/01/2018	100.000
	10/01/2028	5.000%	10,620,000.00	10/01/2018	100.000
	10/01/2038	5.000%	12,000,000.00	10/01/2018	100.000
	10/01/2041	5.000%	120,985,000.00	10/01/2018	100.000
			159,605,000.00		
Series 2009B, 2009B:					
SERIAL	10/01/2022	5.750%	5,460,000.00	10/01/2019	100.000
	10/01/2023	4.750%	2,000,000.00	10/01/2019	100.000
TERM25	10/01/2023	5.000%	3,795,000.00	10/01/2019	100.000
	10/01/2024	5.000%	5,080,000.00	10/01/2019	100.000
	10/01/2025	5.000%	6,385,000.00	10/01/2019	100.000
SERIAL	10/01/2026	5.000%	6,705,000.00	10/01/2019	100.000
	10/01/2027	5.000%	7,040,000.00	10/01/2019	100.000
	10/01/2028	5.000%	7,390,000.00	10/01/2019	100.000
	10/01/2029	5.000%	7,760,000.00	10/01/2019	100.000
TERM36	10/01/2030	5.500%	8,150,000.00	10/01/2019	100.000
	10/01/2031	5.500%	8,595,000.00	10/01/2019	100.000
	10/01/2032	5.500%	9,070,000.00	10/01/2019	100.000
	10/01/2033	5.500%	9,565,000.00	10/01/2019	100.000
	10/01/2034	5.500%	10,095,000.00	10/01/2019	100.000
	10/01/2035	5.500%	10,650,000.00	10/01/2019	100.000
	10/01/2036	5.500%	11,235,000.00	10/01/2019	100.000
TERM41_2	10/01/2037	5.500%	2,950,000.00	10/01/2019	100.000
	10/01/2038	5.500%	3,115,000.00	10/01/2019	100.000
	10/01/2039	5.500%	3,285,000.00	10/01/2019	100.000
	10/01/2040	5.500%	3,465,000.00	10/01/2019	100.000
	10/01/2041	5.500%	3,655,000.00	10/01/2019	100.000
			136,445,000.00		
Series 2010A, 2010A:					
SERIAL	10/01/2024	4.875%	2,555,000.00	10/01/2020	100.000
	10/01/2024	5.250%	1,675,000.00	10/01/2020	100.000
	10/01/2025	5.500%	4,445,000.00	10/01/2020	100.000
	10/01/2026	5.500%	4,690,000.00	10/01/2020	100.000
TERM29	10/01/2027	5.500%	610,000.00	10/01/2020	100.000
TERM29_2	10/01/2027	5.000%	4,395,000.00	10/01/2020	100.000
TERM29	10/01/2028	5.500%	640,000.00	10/01/2020	100.000
TERM29_2	10/01/2028	5.000%	4,555,000.00	10/01/2020	100.000
TERM29	10/01/2029	5.500%	680,000.00	10/01/2020	100.000

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SUMMARY OF BONDS REFUNDED

Miami-Dade County, Florida  
Aviation Revenue Refunding Bonds, Series 2016A (Non-AMT)  
Aviation Revenue Refunding Bonds, Series 2016B (Taxable)  
Market Rates as of 5/24/2016  
Preliminary & Subject to Change

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2010A, 2010A:					
TERM29_2	10/01/2029	5.000%	4,780,000.00	10/01/2020	100.000
SERIAL	10/01/2030	5.250%	2,580,000.00	10/01/2020	100.000
	10/01/2030	5.500%	3,155,000.00	10/01/2020	100.000
TERM35	10/01/2031	5.375%	6,045,000.00	10/01/2020	100.000
	10/01/2032	5.375%	6,375,000.00	10/01/2020	100.000
	10/01/2033	5.375%	6,715,000.00	10/01/2020	100.000
	10/01/2034	5.375%	7,075,000.00	10/01/2020	100.000
TERM41	10/01/2036	5.500%	1,760,000.00	10/01/2020	100.000
			62,670,000.00		
			635,575,000.00		

SAVINGS

Miami-Dade County, Florida  
Aviation Revenue Refunding Bonds, Series 2016A (Non-AMT)  
Aviation Revenue Refunding Bonds, Series 2016B (Taxable)  
Market Rates as of 5/24/2016  
Preliminary & Subject to Change

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings
10/01/2016	16,466,770.01	13,722,308.35	2,744,461.66	2,599,268.65	145,193.01
10/01/2017	32,933,540.02		32,933,540.02	29,137,686.50	3,795,853.52
10/01/2018	32,933,540.02		32,933,540.02	29,136,140.50	3,797,399.52
10/01/2019	32,933,540.02		32,933,540.02	29,139,996.50	3,793,543.52
10/01/2020	59,103,540.02		59,103,540.02	55,307,396.50	3,796,143.52
10/01/2021	60,609,615.02		60,609,615.02	56,199,756.50	4,409,858.52
10/01/2022	62,465,815.02		62,465,815.02	58,055,066.50	4,410,748.52
10/01/2023	76,063,240.02		76,063,240.02	71,647,974.50	4,415,265.52
10/01/2024	80,381,686.26		80,381,686.26	75,969,400.50	4,412,285.76
10/01/2025	70,676,780.00		70,676,780.00	66,268,490.50	4,408,289.50
10/01/2026	69,454,755.00		69,454,755.00	65,042,346.50	4,412,408.50
10/01/2027	46,120,992.50		46,120,992.50	41,711,712.50	4,409,280.00
10/01/2028	49,888,467.50		49,888,467.50	47,526,250.00	2,362,217.50
10/01/2029	35,765,087.50		35,765,087.50	33,405,750.00	2,359,337.50
10/01/2030	35,547,612.50		35,547,612.50	33,185,000.00	2,362,612.50
10/01/2031	35,531,462.50		35,531,462.50	33,170,250.00	2,361,212.50
10/01/2032	26,964,593.76		26,964,593.76	24,604,250.00	2,360,343.76
10/01/2033	26,958,087.50		26,958,087.50	24,597,000.00	2,361,087.50
10/01/2034	26,961,081.26		26,961,081.26	24,599,250.00	2,361,831.26
10/01/2035	19,505,575.00		19,505,575.00	17,143,750.00	2,361,825.00
10/01/2036	21,264,825.00		21,264,825.00	18,906,500.00	2,358,325.00
10/01/2037	10,505,100.00		10,505,100.00	8,143,250.00	2,361,850.00
10/01/2038	22,507,850.00		22,507,850.00	20,149,750.00	2,358,100.00
10/01/2039	9,906,525.00		9,906,525.00	7,548,000.00	2,358,525.00
10/01/2040	9,905,850.00		9,905,850.00	7,543,250.00	2,362,600.00
10/01/2041	130,890,275.00		130,890,275.00	128,530,500.00	2,359,775.00
	1,102,246,206.43	13,722,308.35	1,088,523,898.08	1,009,267,986.15	79,255,911.93

Savings Summary

Savings PV date	08/25/2016
Savings PV rate	3.454099%
PV of savings from cash flow	55,580,630.88
Net PV Savings	55,580,630.88

BOND DEBT SERVICE BREAKDOWN

Miami-Dade County, Florida  
Aviation Revenue Refunding Bonds, Series 2016A (Non-AMT)  
Aviation Revenue Refunding Bonds, Series 2016B (Taxable)  
Market Rates as of 5/24/2016  
Preliminary & Subject to Change

Period Ending	Series 2016A (Non-AMT)	Series 2016B (Taxable)	Total
10/01/2016	1,842,550	756,718.65	2,599,268.65
10/01/2017	18,425,500	10,712,186.50	29,137,686.50
10/01/2018	18,425,500	10,710,640.50	29,136,140.50
10/01/2019	18,425,500	10,714,496.50	29,139,996.50
10/01/2020	18,425,500	36,881,896.50	55,307,396.50
10/01/2021	19,320,500	36,879,256.50	56,199,756.50
10/01/2022	24,770,750	33,284,316.50	58,055,066.50
10/01/2023	32,811,250	38,836,724.50	71,647,974.50
10/01/2024	26,908,750	49,060,650.50	75,969,400.50
10/01/2025	28,514,500	37,753,990.50	66,268,490.50
10/01/2026	26,941,000	38,101,346.50	65,042,346.50
10/01/2027	29,942,000	11,769,712.50	41,711,712.50
10/01/2028	47,526,250		47,526,250.00
10/01/2029	33,405,750		33,405,750.00
10/01/2030	33,185,000		33,185,000.00
10/01/2031	33,170,250		33,170,250.00
10/01/2032	24,604,250		24,604,250.00
10/01/2033	24,597,000		24,597,000.00
10/01/2034	24,599,250		24,599,250.00
10/01/2035	17,143,750		17,143,750.00
10/01/2036	18,906,500		18,906,500.00
10/01/2037	8,143,250		8,143,250.00
10/01/2038	20,149,750		20,149,750.00
10/01/2039	7,548,000		7,548,000.00
10/01/2040	7,543,250		7,543,250.00
10/01/2041	128,530,500		128,530,500.00
	693,806,050	315,461,936.15	1,009,267,986.15



# MEMORANDUM

(Revised)

**TO:** Honorable Chairman Jean Monestime  
and Members, Board of County Commissioners

**DATE:** June 21, 2016

**FROM:** Abigail Price-Williams  
County Attorney

**SUBJECT:** Agenda Item No. 8(D)(2)

Please note any items checked.

- ☐ "3-Day Rule" for committees applicable if raised
- ☐ 6 weeks required between first reading and public hearing
- ☐ 4 weeks notification to municipal officials required prior to public hearing
- ☐ Decreases revenues or increases expenditures without balancing budget
- ☐ Budget required
- ☐ Statement of fiscal impact required
- ☐ Statement of social equity required
- ☐ Ordinance creating a new board requires detailed County Mayor's report for public hearing
- ☒ No committee review
- ☐ Applicable legislation requires more than a majority vote (i.e., 2/3's \_\_\_\_, 3/5's \_\_\_\_, unanimous \_\_\_\_) to approve
- ☐ Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved \_\_\_\_\_ Mayor  
Veto \_\_\_\_\_  
Override \_\_\_\_\_

Agenda Item No. 8(D)(2)  
6-21-16

RESOLUTION NO. \_\_\_\_\_

RESOLUTION AUTHORIZING ISSUANCE OF NOT TO EXCEED \$750,000,000.00 OF AVIATION REVENUE REFUNDING BONDS, IN ONE OR MORE SERIES, PURSUANT TO SECTION 211 OF AMENDED AND RESTATED TRUST AGREEMENT FOR PURPOSE OF REFUNDING AND, AS APPLICABLE, REDEEMING CERTAIN OUTSTANDING AVIATION REVENUE BONDS WITH ESTIMATED NET PRESENT VALUE SAVINGS OF 8.74%, ESTIMATED COSTS OF ISSUANCE OF \$2,355,000.00 AND ESTIMATED FINAL MATURITY OF OCTOBER 1, 2041; PROVIDING FOR CERTAIN DETAILS OF BONDS AND THEIR SALE BY NEGOTIATION; AUTHORIZING COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE, WITHIN CERTAIN LIMITATIONS AND RESTRICTIONS, TO FINALIZE DETAILS, TERMS AND OTHER PROVISIONS OF BONDS AND REFUNDING AND, AS APPLICABLE, REDEMPTION OF REFUNDED BONDS; PROVIDING CERTAIN COVENANTS; APPROVING FORMS OF AND AUTHORIZING EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS; AUTHORIZING COUNTY OFFICIALS TO TAKE ALL NECESSARY ACTIONS IN CONNECTION WITH ISSUANCE, SALE AND DELIVERY OF BONDS; WAIVING PROVISIONS OF RESOLUTION NO. R-130-06, AS AMENDED; AND PROVIDING SEVERABILITY

**WHEREAS**, the Board of County Commissioners of Miami-Dade County, Florida (the "Board") has previously enacted a series of ordinances (the "Ordinances") under the provisions of Section 210 of the Trust Agreement dated as of October 1, 1954, as amended (the "Original Trust Agreement"), which Original Trust Agreement was amended and restated by the Amended and Restated Trust Agreement dated as of December 15, 2002 (the "Trust Agreement") by and among Miami-Dade County, Florida (the "County"), The Bank of New York Mellon, successor in interest to JPMorgan Chase Bank, N.A., as trustee (the "Trustee"), and U.S. Bank National Association, successor in interest to Wachovia Bank, National Association, as co-trustee (the

“Co-Trustee”) for the purpose of issuing Aviation Revenue Bonds to finance the cost (“cost” as defined in the Trust Agreement) of various Port Authority Properties (as defined in the Trust Agreement) projects for the airport system of the County; and

**WHEREAS**, pursuant to Section 210 of the Trust Agreement and the Ordinances, the County has issued Aviation Revenue Bonds, exclusive of refunding Bonds, in the aggregate principal amount of \$5,917,820,000.00 to fund certain costs; and

**WHEREAS**, the Board desires to authorize the issuance of revenue refunding bonds pursuant to the Act (as defined below) in one or more Series (as defined in the Trust Agreement), in an aggregate principal amount of not exceeding \$750,000,000.00 (the “Series 2016 Bonds”), for the purposes of, together with any other legally available funds of the Aviation Department, (i) refunding and, as applicable, redeeming all or a portion of the outstanding Miami-Dade County, Florida Aviation Revenue Bonds, Series 2007B, Series 2008A, Series 2008B, Series 2009B and Series 2010A and Miami-Dade County, Florida Aviation Revenue Refunding Bonds, Series 2007C, and other Bonds currently Outstanding under the Trust Agreement that meet the requirements of Resolution No. R-1313-09 (the “Refunded Bonds”) which will result in a net present value savings of five percent (5%) or more of the par amount of the Refunded Bonds, (ii) making a deposit to the Reserve Account (as defined in the Trust Agreement), if necessary, including the deposit of a Reserve Facility or Facilities (as defined in the Trust Agreement), if any, and (iii) paying certain costs of issuance estimated to be \$2,355,000.00, which costs shall be increased by any premiums for any Credit Facility (as defined in the Trust Agreement) and/or Reserve Facility, if any, relating to the Series 2016 Bonds, if there is an economic benefit as provided in Section 7 of this resolution (the “Series 2016 Resolution”); and



**WHEREAS**, FirstSouthwest, a Division of Hilltop Securities Inc. (the “Financial Advisor”), financial advisor to the Miami-Dade County Aviation Department (the “Aviation Department”), has recommended to the County that a negotiated sale of the Series 2016 Bonds is in the best interest of the County for the reasons set forth in Section 3C of this Series 2016 Resolution; and

**WHEREAS**, the Board wishes to authorize the County Mayor or the County Mayor’s designee (the “County Mayor”) to (i) determine the final terms of the Series 2016 Bonds, (ii) execute, if necessary, and deliver any agreements, instruments and certificates in connection with the Series 2016 Bonds, including, without limitation, the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, and the Escrow Deposit Agreement (as such terms are defined in this Series 2016 Resolution), (iii) secure one or more Credit Facilities and/or Reserve Facilities, if there is an economic benefit as provided in Section 7 of this Series 2016 Resolution, and (iv) take all actions and make such further determinations and designations necessary in connection with the issuance and sale of the Series 2016 Bonds and the refunding and, as applicable, redemption of the Refunded Bonds, all subject to the limitations contained in this Series 2016 Resolution; and

**WHEREAS**, the Board wishes to authorize the execution and delivery of one or more Bond Purchase Agreements (collectively, the “Bond Purchase Agreement”), as the case may be, with Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Senior Underwriter and as representative, acting on behalf of itself and the other underwriters named in the Bond Purchase Agreement (collectively, the “Underwriters”), in substantially the form on file at the Clerk’s Office as Exhibit “A” to this Series 2016 Resolution; and

**WHEREAS**, the Board wishes to authorize the distribution, use and delivery of one or more Preliminary Official Statements, as the case may be, in substantially the form attached as Exhibit “B” to this Series 2016 Resolution (collectively, the “Preliminary Official Statement”), and one or more final Official Statements (collectively, the “Official Statement”), as the case may be, with the approval of the Office of the Miami-Dade County Attorney (the “County Attorney”), Squire Patton Boggs (US) LLP and D. Seaton and Associates, P.A. (collectively, “Bond Counsel”) and Nabors, Giblin & Nickerson, P.A. and Liebler, Gonzalez & Portuondo (collectively, “Disclosure Counsel”), and after consultation with the Aviation Director (as defined in this Series 2016 Resolution) and the Financial Advisor as provided in Section 8 of this Series 2016 Resolution, in connection with the Series 2016 Bonds; and

**WHEREAS**, the Board wishes to provide for the refunding and, as applicable, redemption of the Refunded Bonds, and in connection with such refunding and redemption, to authorize the execution and delivery of one or more Escrow Deposit Agreements (collectively, the “Escrow Deposit Agreement”), as the case may be, between the County and the Trustee in substantially the form on file at the Clerk’s Office as Exhibit “C” to this Series 2016 Resolution; and

**WHEREAS**, the Board desires to accomplish the purposes outlined in the accompanying memorandum (the “County Mayor’s Memorandum”), a copy of which is incorporated in this Series 2016 Resolution by reference;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA**, that:

SECTION 1. Authority. This Series 2016 Resolution is adopted pursuant to the provisions of the Constitution and laws of the State of Florida (the “State”), including the Home

Rule Amendment and Charter of Miami-Dade County, Florida, as amended, and Chapters 125 and 166, Florida Statutes, as amended, the Code of Miami-Dade County, Florida, as amended, and other applicable provisions of law (collectively, the “Act”) and pursuant to Section 211 of the Trust Agreement.

SECTION 2. Definitions. All terms in capitalized form, unless otherwise defined in this Series 2016 Resolution, including the recitals to this Series 2016 Resolution, shall have the same meaning as ascribed to them in the Trust Agreement. The following terms shall have the meanings set forth below:

A. “Aviation Director” means the Director of the Aviation Department, the acting Director of the Aviation Department, or, in either case, her or his designee.

B. “Clerk” means the Clerk of the Board or any Deputy Clerk of the County.

C. “Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated under it.

D. “DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company and clearing corporation and clearing agency under New York law, and its successors and assigns.

E. “Omnibus Certificate” means a certificate of the County executed by the County Mayor, the Aviation Director and a Deputy Clerk, dated the date of original issuance of the Series 2016 Bonds, setting forth among other things, the information and designations required by Section 3 and Section 5 of this Series 2016 Resolution.

F. “Rebate Amount” means the excess of the future value, as of a computation date, of all receipts on nonpurpose investments (as defined in Section 1.148-1(b) of the Income Tax Regulations) over the future value, as of that date, of all payments on nonpurpose investments,

taking into account all permitted credits, all as provided in the Income Tax Regulations implementing Section 148 of the Code.

G. “Rule” means Rule 15c2-12 of the United States Securities and Exchange Commission, as in effect from time to time, and any successor provisions to such rule.

H. “Tax Certificate” means a tax compliance certificate with respect to the Tax-Exempt Bonds dated the date of original issuance of such Tax-Exempt Bonds executed by the County Mayor and the Aviation Director regarding, among other things, restrictions related to rebate of arbitrage earnings to the United States of America and the restrictions prescribed by the Code in order for interest on the Tax-Exempt Bonds to remain excludable from gross income for federal income tax purposes.

I. “Tax-Exempt Bonds” means Series 2016 Bonds the interest on which is intended on the date of original issuance of such Series 2016 Bonds to be excludable from gross income of the holders thereof for federal income tax purposes.

J. “Taxable Bonds” means Series 2016 Bonds the interest on which is intended on the date of original issuance of such Series 2016 Bonds to not be excludable from gross income of the holders thereof for federal income tax purposes

SECTION 3. Findings. The Board finds, determines and declares as follows:

A. The County is authorized under the Act and the Trust Agreement to issue the Series 2016 Bonds for the valid public purposes of, together with any other legally available funds of the Aviation Department, (a) refunding and, as applicable, redeeming the Refunded Bonds; (b) making a deposit to the Reserve Account, if necessary, including the deposit of a Reserve Facility or Facilities, if any; and (c) paying certain costs of issuance, including the

premiums for any Credit Facility and/or Reserve Facility, if any, relating to the Series 2016 Bonds, if there is an economic benefit as provided in Section 7 of this Series 2016 Resolution.

B. It is necessary, desirable and in the best interest of the County that the Refunded Bonds be refunded and, as applicable, redeemed with proceeds of the Series 2016 Bonds as contemplated in this Series 2016 Resolution.

C. The Financial Advisor has recommended to the County that the Series 2016 Bonds be issued through a negotiated sale, given (i) the financial volatility of the airline industry, and the impact of global economic weakness, and (ii) the Aviation Department's ability to generate sufficient revenues to operate effectively and service its outstanding debt. Based upon the recommendation of the Financial Advisor, the County Mayor has determined that the negotiated sale of the Series 2016 Bonds to the Underwriters is in the best interest of the County and has recommended to the Board that the County sell the Series 2016 Bonds by negotiated sale. The Board accepts the recommendation of the County Mayor.

D. The Board has determined that it is in the best interest of the County to appoint Merrill Lynch, Pierce, Fenner & Smith Incorporated as Senior Underwriter and representative of the Underwriters selected from the County's pool of Underwriters and named in the Bond Purchase Agreement, and to sell the Series 2016 Bonds to them through a negotiated sale, but only upon the terms and conditions and subject to the limitations of this Series 2016 Resolution, which terms shall be finalized by the County Mayor after consultation with the Aviation Director and the Financial Advisor and set forth in the Bond Purchase Agreement and the Omnibus Certificate for such Series 2016 Bonds in accordance with Section 5 of this Series 2016 Resolution.

E. The Series 2016 Bonds shall only be issued if there is a net present value savings of five percent (5%) or more of the par amount of the Refunded Bonds resulting from the issuance of the Series 2016 Bonds and the refunding of the Refunded Bonds and the final maturity of the Series 2016 Bonds is not longer than the final maturity of the Refunded Bonds.

F. The authority granted to the County Mayor with regard to the issuance of the Series 2016 Bonds as provided in this Series 2016 Resolution is necessary to the proper and efficient implementation of the provisions of this Series 2016 Resolution in order to achieve the maximum flexibility in the marketplace.

G. The recitals contained in the "WHEREAS" clauses are incorporated into this Series 2016 Resolution as findings and the attached County Mayor's Memorandum is approved and incorporated into this Series 2016 Resolution.

SECTION 4. Authorization of Series 2016 Bonds; Conditional Notice of Redemption.

A. Subject and pursuant to the provisions of this Series 2016 Resolution, the Trust Agreement and the County Mayor's Memorandum and for the purposes of, together with any other legally available funds of the Aviation Department, (a) refunding and, as applicable, redeeming the Refunded Bonds; (b) making a deposit to the Reserve Account, if necessary, including the deposit of a Reserve Facility or Facilities, if any; and (c) paying certain costs of issuance, including the premiums for any Credit Facility and/or Reserve Facility, if there is an economic benefit as provided in Section 7 of this Series 2016 Resolution, the Board authorizes the issuance of the Series 2016 Bonds to be designated as "Miami-Dade County, Florida Aviation Revenue Refunding Bonds, Series 2016," or such other appropriate designation or designations (including the year of issuance) as shall be determined by the County Mayor after consultation with the County Attorney and Bond Counsel. Notwithstanding anything in this

Series 2016 Resolution to the contrary, the Series 2016 Bonds shall not be issued and delivered until the conditions specified in Section 211 of the Trust Agreement and in Section 3E of this Series 2016 Resolution have been satisfied.

B. The aggregate principal amount of the Series 2016 Bonds shall not exceed \$750,000,000.00, with the exact principal amount of the Series 2016 Bonds to be determined by the County Mayor after consultation with the Aviation Director, the Financial Advisor and Bond Counsel.

C. The principal of, interest on and redemption premium, if any, with respect to the Series 2016 Bonds and all other payments required pursuant to the terms of the Trust Agreement will be payable solely from and secured by a first lien upon and a pledge of the Net Revenues to the extent and in the manner provided in the Trust Agreement, such Net Revenues to be obtained from sources authorized by law, and such payments will not constitute a general obligation indebtedness of the County, the State or any political subdivision of the State within the meaning of any constitutional, statutory or charter provision or limitation, nor a lien upon any property of the County, the State or any political subdivision of the State, and the registered owner of any Series 2016 Bond issued under the provisions of the Trust Agreement shall not have the right to require or compel the exercise of the taxing power of the County, the State or any political subdivision of the State for the payment of the Series 2016 Bonds.

D. If the Series 2016 Bonds or any portion thereof are to be optionally redeemed pursuant to the terms authorized herein, the County may provide a conditional notice of redemption thereof in accordance with the terms set forth below, and the County Mayor is hereby authorized, in his discretion, to add to the form of Series 2016 Bonds a provision reflecting this right:

Conditional Notice of Optional Redemption. In the case of an optional redemption, the notice of redemption may state that (1) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (2) the County retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this subsection. Any such notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the County delivers a written direction to the Trustee directing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondholders. Any Series 2016 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the County to make such funds available shall constitute an Event of Default. The Trustee shall give immediate notice to the securities information repositories and the affected Bondholders that the redemption did not occur and that the Series 2016 Bonds called for redemption and not so paid remain Outstanding.

SECTION 5. Terms of Series 2016 Bonds; Authorization of Bond Purchase Agreement; Bond Form and Registration.

A. The County Mayor is authorized, after consultation with the Aviation Director and the Financial Advisor, to approve the terms of the Series 2016 Bonds, such approval to be evidenced by the terms and provisions set forth in the Omnibus Certificate, including, without limitation, the number of Series 2016 Bonds to be issued and the Series designations, the authorized denominations of each subseries of Series 2016 Bonds, the dated date of the Series 2016 Bonds, the first interest payment date or dates, the interest rate or rates, the optional and mandatory redemption terms of the Series 2016 Bonds, whether the Series 2016 Bonds shall be serial bonds, term bonds, Tax-Exempt Bonds, Taxable Bonds, or any combination of such bonds, the maturity dates of the Series 2016 Bonds, the maturity amounts as to serial bonds and Amortization Requirements as to term bonds, provided, however, that in no event shall the Series 2016 Bonds be issued if: (i) the aggregate principal amount of the Series 2016 Bonds exceeds



\$750,000,000.00; (ii) the net present value savings from the issuance of the Series 2016 Bonds and the refunding of the Refunded Bonds is less than five percent (5%) of the par amount of the Refunded Bonds; (iii) any Series 2016 Bonds sold to the Underwriters at one time are sold to the Underwriters at a purchase price less than 98.0% of the original aggregate principal amount of such Series 2016 Bonds (without regard to original issue discount and original issue premium) (the "Minimum Purchase Price"); or (iv) the final maturity of the Series 2016 Bonds exceeds forty (40) years from the dated date of such Series 2016 Bonds or exceeds the final maturity of the Refunded Bonds.

The County Mayor, after consultation with the Aviation Director, is authorized to execute and deliver to the Underwriters the Bond Purchase Agreement in connection with the purchase of the Series 2016 Bonds by the Underwriters, its terms consistent with the terms of the Omnibus Certificate, with the execution and delivery of the Bond Purchase Agreement for and on behalf of the Board by the County Mayor being conclusive evidence of the Board's acceptance of the Underwriters' proposal to purchase the Series 2016 Bonds (which purchase date may consist of one or more dates). The Bond Purchase Agreement shall be in substantially the form of the Bond Purchase Agreement on file at the Clerk's Office as Exhibit "A" with such changes, insertions and omissions as the County Mayor shall deem necessary and approve in accordance with the terms of this Series 2016 Resolution, upon consultation with the Aviation Director, the Financial Advisor, the County Attorney, Bond Counsel, and Disclosure Counsel, and the execution and delivery of the Bond Purchase Agreement by the County Mayor shall be conclusive evidence of the Board's approval of any such changes, insertions or omissions. If the Series 2016 Bonds are sold and/or issued on different dates, the Series 2016 Bonds may be designated as subseries of the Series 2016 Bonds, and, as such, the Bond Purchase Agreement

for each subseries of Series 2016 Bonds sold after the initial sale of the Series 2016 Bonds shall be in substantially the form of the Bond Purchase Agreement executed and delivered in connection with the initial sale of the Series 2016 Bonds, with such changes, insertions and omissions as may be necessary and approved by the County Mayor in accordance with the terms of this Series 2016 Resolution, after the consultations as described above. The execution and delivery of the Bond Purchase Agreement by the County Mayor shall be conclusive evidence of the Board's approval of any such changes, insertions and omissions and acceptance of the Underwriters' proposal to purchase the Series 2016 Bonds on one or more dates.

B. The Series 2016 Bonds shall be executed in the form and manner provided in the Trust Agreement, and shall be delivered to the Trustee under the Trust Agreement for authentication and delivery to the purchasers of the Series 2016 Bonds in accordance with the provisions of Section 211 of the Trust Agreement. The Series 2016 Bonds are authorized to be issued initially as fully registered bonds in book-entry form and registered in the name of DTC or its nominee, which will act as securities depository for the Series 2016 Bonds. The County Mayor is authorized and directed to take all actions and execute all documents as are incidental to such book-entry system. The provisions for selecting Series 2016 Bonds for redemption may be altered in order to conform to the requirements of DTC. In the event such book-entry system for the Series 2016 Bonds ceases to be in effect, the Series 2016 Bonds shall be issued in fully registered form without coupons, registered in the names of the owners of the Series 2016 Bonds.

C. Interest payments with respect to the Series 2016 Bonds shall be paid by check or draft mailed to the registered owner of Series 2016 Bonds at its address as it appears on the registration books of the Trustee on the Regular Record Date therefor; provided however, any

Series 2016 Bondholder owning Series 2016 Bonds in the principal amount of \$1,000,000 or more may elect by written request to the Trustee delivered prior to the applicable record date with respect to interest, or the date of presentation with respect to principal or redemption price, to have the interest, principal or redemption price paid by wire transfer to a bank within the continental United States for deposit to an account designated by such Series 2016 Bondholder, at the expense of such Series 2016 Bondholder.

SECTION 6. Application of Proceeds.

Proceeds from the sale of the Series 2016 Bonds shall be applied as follows: to the extent set forth in the Omnibus Certificate, (i) a portion of the proceeds necessary to fund the refunding and redemption and/or payment at maturity of the Refunded Bonds shall be deposited with the Trustee under the provisions of the Escrow Deposit Agreement; (ii) a portion of the proceeds shall be deposited with the Trustee to the credit of the Reserve Account in the Sinking Fund, if necessary; and (iii) the balance of the proceeds of the Series 2016 Bonds shall be deposited with the Co-Trustee to the credit of a separate special account or accounts appropriately designated and created for each Series of the Series 2016 Bonds, as contemplated in the Trust Agreement, to be applied, as applicable, to pay certain costs of issuance of the Series 2016 Bonds; provided, however, that any premiums on or fees for Credit Facilities and/or Reserve Facilities payable by the County may be paid directly by the Underwriters from the proceeds of the Series 2016 Bonds.

SECTION 7. Approval of Credit Facilities and Reserve Facilities. If the County Mayor determines, after consultation with the Aviation Director and the Financial Advisor, that there is an economic benefit to the County to secure and pay for one or more Credit Facilities and/or Reserve Facilities, the County Mayor is authorized to secure one or more Credit Facilities

and/or Reserve Facilities with respect to the Series 2016 Bonds. The County Mayor is authorized and directed to execute and deliver such agreements, instruments or certificates for and on behalf of the County as may be necessary to secure such Credit Facilities and/or Reserve Facilities with such terms, covenants, provisions and agreements, including, without limitation, granting to any provider of a Credit Facility the power to exercise certain rights and privileges of the holders of the Series 2016 Bonds secured by such Credit Facility under the Trust Agreement, as may be approved by the County Mayor upon advice of the County Attorney and Bond Counsel. The execution and delivery of such agreements or instruments for and on behalf of the County shall be conclusive evidence of the Board's approval of such agreements or instruments.

SECTION 8. Approval of the Preliminary Official Statement and Final Official Statement. The Preliminary Official Statement in connection with the offering and sale of the Series 2016 Bonds substantially in the form attached as Exhibit "B" to this Series 2016 Resolution, and its distribution and use, with such changes, modifications, insertions and omissions as may be determined by the County Mayor, with the approval of the County Attorney, Bond Counsel and Disclosure Counsel and after consultation with the Aviation Director and the Financial Advisor, is approved. The County Mayor, after consultation with Disclosure Counsel, is authorized to deem the Preliminary Official Statement "final" for the purposes of the Rule. The County Mayor is authorized and directed to deliver the final Official Statement in connection with the offering and sale of the Series 2016 Bonds in the name and on behalf of the County. The final Official Statement shall be substantially in the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be determined by the County Mayor, with the approval of the County Attorney, Bond Counsel and Disclosure Counsel and after consultation with the Aviation Director and the Financial Advisor,

with the delivery of the Official Statement by the County Mayor, on behalf of the County, being conclusive evidence of the Board's approval of any such changes, insertions and omissions and authorization of its use and distribution. The County Mayor and the Aviation Director, after consultation with Bond Counsel, Disclosure Counsel and the County Attorney, are authorized to make any necessary certifications to the Underwriters regarding a deemed final Official Statement, if and to the extent required by the Rule. If the Series 2016 Bonds are sold on different dates, the Preliminary Official Statement and the Official Statement for each subseries of Series 2016 Bonds offered after the initial offering of the Series 2016 Bonds shall be in substantially the form utilized for the initial offering, with such changes, insertions and omissions as may be necessary and approved by the County Mayor, after consultation as described above, and provided further that the County Mayor may approve the use of Preliminary Official Statements and Final Official Statements, after consultation as described above, that include as an exhibit thereto the Official Statement for the prior offering if the County Mayor determines that such an approach results in the most efficient offering and sale of the Series 2016 Bonds consistent with good disclosure practices.

SECTION 9. Tax Covenants.

A. The County hereby represents to and covenants with the registered owners of the Tax-Exempt Bonds that it will comply with the requirements applicable to it contained in Sections 103 and 141 through 150 of the Code to the extent necessary to preserve the excludability of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes.

B. Specifically, without intending to limit in any way the generality of the foregoing, the County covenants and agrees with respect to the Tax-Exempt Bonds:

(1) to make or cause to be made all necessary determinations and calculations of the Rebate Amount and required payments of the Rebate Amount;

(2) to set aside sufficient moneys, from Revenues or other legally available funds of the Aviation Department, to timely pay the Rebate Amount to the United States of America;

(3) to pay the Rebate Amount to the United States of America from Revenues or from any other legally available funds of the Aviation Department, at the times and to the extent required pursuant to Section 148(f) of the Code;

(4) to maintain and retain all records pertaining to the Rebate Amount, and required payments of the Rebate Amount, with respect to the Tax-Exempt Bonds for at least six years after the final maturity thereof or such other period as shall be necessary to comply with the Code;

(5) to refrain from taking (or omit taking) any action that would cause any Tax-Exempt Bond to be classified as a private activity bond under Section 141(a) of the Code;

(6) to refrain from taking any action that would cause the Tax-Exempt Bonds to become arbitrage bonds under Section 148 of the Code; and

(7) to comply with and take all actions required of it by each Tax Certificate.

C. The County understands that the foregoing covenants impose continuing obligations on it that will exist as long as the requirements of Sections 103 and 141 through 150 of the Code are applicable to the Tax-Exempt Bonds.

D. Notwithstanding any other provision of this Series 2016 Resolution, the obligation of the County to pay the Rebate Amount to the United States of America and to

comply with the other requirements of this Section 9 shall survive the defeasance or payment in full of the Tax-Exempt Bonds.

E. The County Mayor and the Aviation Director are authorized to execute and deliver one or more Tax Certificates, to be prepared by Bond Counsel, for and on behalf of the County.

SECTION 10. Continuing Disclosure.

A. The County agrees, in accordance with the provisions of, and to the degree necessary to comply with, the continuing disclosure requirements of the Rule, to provide or cause to be provided for the benefit of the beneficial owners of the Series 2016 Bonds (the "Beneficial Owners") to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB and such other municipal securities information repository as may be required by law or applicable legislation, from time to time (each such information repository, a "MSIR"), the following annual financial information (the "Annual Information"), commencing with the Fiscal Year ending after the issuance of the Series 2016 Bonds:

(1) Revenues and Net Revenues of the Aviation Department and operating information for the prior Fiscal Year of the type and in a form which is generally consistent with the presentation of such information in the Official Statement for the Series 2016 Bonds, and such additional operating information as may be determined by the Aviation Department; and

(2) The Aviation Department's Comprehensive Annual Financial Report utilizing generally accepted accounting principles applicable to local governments.

The information in paragraphs (1) and (2) above is expected to be available on or before June 1 of each year for the preceding Fiscal Year. The Aviation Department's Comprehensive

Annual Financial Report referred to in paragraph (2) above is expected to be available separately from the information in paragraph (1) above and shall be provided by the County as soon as practical after acceptance of the audited financial statements from the auditors by the Aviation Department. If not available within eight (8) months from the end of the Fiscal Year, unaudited information will be provided in accordance with the time frame set forth above and audited financial statements will be provided as soon after such time as they become available.

B. The County agrees to provide or cause to be provided to each MSIR in the appropriate format required by law or applicable regulation, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Series 2016 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2016 Bonds, or other material events affecting the tax status of the Series 2016 Bonds;



(7) modifications to rights of Registered Owners of the Series 2016 Bonds, if material;

(8) Series 2016 Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of any property securing repayment of the Series 2016 Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the County (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County);

(13) the consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) the appointment of a successor or additional trustee, or the change of name of a trustee, if material.

C. The County agrees to provide or cause to be provided, in a timely manner, to each MSIR, in the appropriate format required by law or applicable regulation, notice of its failure to provide the Annual Information with respect to itself on or prior to June 1 following the end of the preceding Fiscal Year.

D. The obligations of the County under this Section 10 shall remain in effect only so long as the Series 2016 Bonds are Outstanding. The County reserves the right to terminate its obligations to provide the Annual Information and notices of the occurrence of the events specified in subsection (B) above, if and when the County no longer remains an “obligated person” with respect to the Series 2016 Bonds within the meaning of the Rule.

E. The County agrees that its undertaking pursuant to the Rule set forth in this Section 10 is intended to be for the benefit of the Beneficial Owners of the Series 2016 Bonds and shall be enforceable by the Trustee on behalf of such Beneficial Owners in the manner provided in the Trust Agreement if the County fails to cure a breach within a reasonable time after receipt of written notice from a Beneficial Owner that a breach exists; provided, however, that any Beneficial Owner’s right to enforce the provisions of this undertaking shall be on behalf of all Beneficial Owners and shall be limited to a right to obtain specific performance of the County’s obligations under this Section 10 in a federal or state court located within the County and any failure by the County to comply with the provisions of this undertaking shall not be a default with respect to the Series 2016 Bonds.

F. Notwithstanding the foregoing, each MSIR to which information shall be provided shall include each MSIR approved by the Securities and Exchange Commission prior to

the issuance of the Series 2016 Bonds. In the event that the Securities and Exchange Commission approves any additional MSIRs after the date of issuance of the Series 2016 Bonds, the County shall, if the County is notified of such additional MSIRs, provide such information to the additional MSIRs. Failure to provide information to any new MSIR whose status as a MSIR is unknown to the County shall not constitute a breach of this covenant.

G. The requirements of subsection A above do not necessitate the preparation of any separate annual report addressing only the Series 2016 Bonds. The requirements of subsection A may be met by the filing of an annual information statement or the County's Comprehensive Annual Financial Report, provided such report includes all of the required Annual Information and is available by June 1 of each year for the preceding Fiscal Year. Additionally, the County may incorporate any information in any prior filing with each MSIR or included in any final official statement of the County, provided such final official statement is filed with the MSRB.

H. The County reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County; provided that the County agrees that any such modification will be done in a manner consistent with the Rule.

I. Except to cure any ambiguity, inconsistency or formal defect or omission in the provisions of this Section 10, the County's covenants as to continuing disclosure (the "Covenants") may only be amended if:

(1) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the County or type of business conducted; the Covenants, as amended, would have complied with the requirements of the Rule at the time of award of the Series

2016 Bonds, after taking into account any amendments or change in circumstances; and the amendment does not materially impair the interest of the Beneficial Owners, as determined by Disclosure Counsel or other independent counsel knowledgeable in the area of federal securities laws and regulations; or

(2) all or any part of the Rule, as interpreted by the staff of the Securities and Exchange Commission at the date of adoption of this Series 2016 Resolution, ceases to be in effect for any reason, and the County elects that the Covenants shall be deemed amended accordingly.

Any assertion of beneficial ownership must be filed with the County along with full documentary support as part of the written request described above.

J. The Board further authorizes and directs the County Mayor to cause all other agreements to be made or action to be taken as required in connection with meeting the County's obligations as to the Covenants. The County Mayor shall further be authorized to make such additions, deletions and modifications to the Covenants as he shall deem necessary or desirable in consultation with the County Attorney, Bond Counsel and Disclosure Counsel.

K. Any change in Obligated Persons (as defined below) shall be reported by the County in connection with its Annual Information. If any person, other than the County, becomes an Obligated Person relating to the Series 2016 Bonds, the County shall use its reasonable best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person; provided, however, that the County takes, and shall take, no responsibility for the accuracy or completeness of any financial information or operating data or other materials submitted by any future Obligated Person.

For purposes of this subsection K, "Obligated Person" means, with respect to the Series 2016 Bonds, the County and any airline or other entity using the Port Authority Properties pursuant to a lease or use agreement, which lease or use agreement has a non-cancelable (by either party) term of one year or more from the date in question, and which includes bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or entity has paid amounts equal to at least 20% of the Revenues for the prior two fiscal years of the County.

SECTION 11. Refunding and, as Applicable, Redemption of Refunded Bonds; Escrow Deposit Agreement; Verification Agent.

A. The Board approves the refunding and, as applicable, redemption of the Refunded Bonds. The County Mayor is authorized to determine the date(s) of redemption of the Refunded Bonds in consultation with the Financial Advisor and Bond Counsel. Notwithstanding anything to the contrary contained in this Series 2016 Resolution, the County Mayor, after consultation with the Aviation Director, the Financial Advisor, the County Attorney and Bond Counsel, is authorized to determine to refund and redeem and/or pay at maturity only a portion of the Refunded Bonds.

B. The County Mayor is authorized to execute and deliver the Escrow Deposit Agreement in connection with the refunding and redemption and/or payment at maturity of the Refunded Bonds. The Escrow Deposit Agreement shall be in substantially the form of the Escrow Deposit Agreement on file at the Clerk's Office as Exhibit "C" to this Series 2016 Resolution with such changes, insertions and omissions as the County Mayor, after consultation with the Aviation Director, the Financial Advisor, the County Attorney and Bond Counsel, shall deem necessary or desirable, and the execution and delivery of the Escrow Deposit Agreement by the

County Mayor on behalf of the County shall be conclusive evidence of the Board's approval of any such changes, insertions or omissions. The Trustee is hereby designated the Escrow Agent under the Escrow Deposit Agreement.

C. The County Mayor, after utilizing a competitive process and consultation with the Financial Advisor, is further authorized to appoint a verification agent to render reports on the sufficiency of funds and investments held under the Escrow Deposit Agreement necessary to accomplish the refunding and redemption and/or payment at maturity of the Refunded Bonds contemplated in this Series 2016 Resolution.

SECTION 12. Authorizations.

A. The County Mayor and the Clerk are authorized and directed, individually or in combination, to execute the Series 2016 Bonds manually or by their respective facsimile signatures as provided in the Trust Agreement, and such officers are authorized to cause the delivery of the Series 2016 Bonds, in the amounts authorized to be issued, to the Trustee for authentication and delivery to or upon the order of the Underwriters pursuant to the Bond Purchase Agreement, upon compliance by the Underwriters with the terms of the Bond Purchase Agreement and satisfaction of the conditions precedent to the delivery of the Series 2016 Bonds provided in the Trust Agreement.

B. The Trustee is authorized and directed, upon receipt of instructions from the County Mayor, to execute the Trustee's Certificate of Authentication on each of the Series 2016 Bonds and to deliver such bonds to or upon the order of the Underwriters named in the Bond Purchase Agreement, upon payment of the purchase price for the Series 2016 Bonds and upon compliance with the other requirements for delivery of bonds set forth in the Trust Agreement and pertaining to the Series 2016 Bonds.

C. The County Mayor is authorized to approve the investment of proceeds of the Series 2016 Bonds held under the provisions of the Trust Agreement and the Escrow Deposit Agreement and to instruct the Trustee and the Co-Trustee, as applicable, from time to time concerning those investments, all in accordance with the Trust Agreement and the Escrow Deposit Agreement.

SECTION 13. Further Action. The County Mayor, the Clerk, the Finance Director, the County Attorney, the Aviation Director and the County's other officials and officers, as well as its attorneys, consultants and engineers, are authorized and directed to do all acts and things and to execute and deliver any and all agreements, documents and certificates which they deem necessary or advisable in order to consummate the issuance of the Series 2016 Bonds and the refunding and, as applicable, redemption of the Refunded Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Series 2016 Resolution, the Series 2016 Bonds and the related documents. In the event that the County Mayor, the Clerk, the Finance Director, the County Attorney, the Aviation Director or other officer or official of the County is unable to execute and deliver the documents contemplated by this Series 2016 Resolution, such documents shall be executed and delivered by the respective designee of such officer or official or any other duly authorized officer or official of the County.

SECTION 14. Severability of Invalid Provisions. In case any one or more of the provisions of this Series 2016 Resolution or any approved document shall for any reason be held to be illegal or invalid, then such provision shall be null and void; provided, however, that any such illegality or invalidity shall not affect any other provisions of this Series 2016 Resolution or such document, as the case may be, and such other provisions shall be construed and enforced as if such illegal or invalid provisions had not been contained. All or any part of resolutions or

proceedings in conflict with the provisions of this Series 2016 Resolution are to the extent of such conflict repealed or amended to the extent of such inconsistency.

SECTION 15. Governing Law; Venue. The Series 2016 Bonds are to be issued and this Series 2016 Resolution is adopted with the intent that the laws of the State of Florida shall govern their construction. Venue shall lie in Miami-Dade County, Florida.

SECTION 16. No Recourse Against County's Officers. No covenant, agreement or obligation contained in this Series 2016 Resolution shall be deemed to be a covenant, agreement or obligation of any present or future official, officer, employee or agent of the County in the individual capacity of such person, and no official, officer, employee or agent of the County executing the Series 2016 Bonds shall be liable personally on the Series 2016 Bonds or be subject to any personal liability or accountability by reason of the issuance of the Series 2016 Bonds. No official, officer, employee, agent or advisor of the County shall incur any personal liability with respect to any other action taken by such person pursuant to this Series 2016 Resolution, provided the official, officer, employee, agent or advisor acts in good faith, but this Section shall not relieve any official, officer, employee, agent or advisor of the County from the performance of any official duty provided by law or this Series 2016 Resolution.

SECTION 17. Waivers. The provisions of Resolution R-130-06, as amended from time to time, requiring that any contracts of the County with third parties be executed and finalized prior to their placement on an agenda of the Board are hereby waived at the request of the County Mayor for the reasons set forth in the County Mayor's Memorandum.



The foregoing resolution was offered by Commissioner ,  
who moved its adoption. The motion was seconded by Commissioner  
and upon being put to a vote, the vote was as follows:

Jean Monestime, Chairman	
Esteban L. Bovo, Jr., Vice Chairman	
Bruno A. Barreiro	Daniella Levine Cava
Jose "Pepe" Diaz	Audrey M. Edmonson
Sally A. Heyman	Barbara J. Jordan
Dennis C. Moss	Rebeca Sosa
Sen. Javier D. Souto	Xavier L. Suarez
Juan C. Zapata	

The Chairperson thereupon declared the resolution duly passed and adopted this 21<sup>st</sup> day of June, 2016. This resolution shall become effective upon the earlier of (1) 10 days after the date of its adoption unless vetoed by the County Mayor, and if vetoed, shall become effective only upon an override by this Board, or (2) approval by the County Mayor of this Resolution and the filing of this approval with the Clerk of the Board.

MIAMI-DADE COUNTY, FLORIDA  
BY ITS BOARD OF  
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: \_\_\_\_\_  
Deputy Clerk

Approved by County Attorney as  
to form and legal sufficiency.

JRA

Juliette R. Antoine

EXHIBIT "A"

BOND PURCHASE AGREEMENT

(on file with the Clerk's Office)

EXHIBIT "B"

PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED: \_\_\_\_\_, 2016

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: See “RATINGS”

*In the opinion of Squire Patton Boggs (US) LLP and D. Seaton and Associates, P.A., Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) the Series 2016 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Interest on the Tax-Exempt Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. INTEREST ON THE TAXABLE BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. For a more complete discussion of the tax aspects relating to the Series 2016 Bonds, see “TAX MATTERS” herein.*

[Insert MDAD logo and MDC logo]

## MIAMI-DADE COUNTY, FLORIDA

\$ \_\_\_\_\_ \*

Aviation Revenue Refunding Bonds  
Series 2016A (Non-AMT)

\$ \_\_\_\_\_ \*

Aviation Revenue Refunding Bonds  
Series 2016B (Taxable)

Dated: Date of delivery

Due: October 1, as shown on inside cover page

Miami-Dade County, Florida (the “County”) is issuing its \$ \_\_\_\_\_ \* Aviation Revenue Refunding Bonds, Series 2016A (Non-AMT) (the “Tax-Exempt Bonds”) and its \$ \_\_\_\_\_ \* Aviation Revenue Refunding Bonds, Series 2016B (Taxable) (the “Taxable Bonds” and, together with the Tax-Exempt Bonds, the “Series 2016 Bonds”). The Series 2016 Bonds are being issued as fully registered bonds, initially registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2016 Bonds. So long as the Series 2016 Bonds are in book-entry form, purchases of beneficial interests in the Series 2016 Bonds will be made in book-entry only form, without certificates, in denominations of \$5,000 or integral multiples of \$5,000. See “AUTHORIZATION FOR THE SERIES 2016 BONDS.”

Interest on the Series 2016 Bonds will accrue from their initial date of delivery and will be payable on April 1 and October 1 of each year, commencing on October 1, 2016.

Principal of and interest on the Series 2016 Bonds will be payable at the corporate trust offices of The Bank of New York Mellon (successor in interest to JPMorgan Chase Bank, N.A.), as trustee (the “Trustee”), in New York, New York. So long as DTC or its nominee is the registered owner of the Series 2016 Bonds, payments of the principal of and interest on the Series 2016 Bonds will be paid directly to DTC or its nominee, and disbursements of such payments to beneficial owners will be the responsibility of DTC and its participants. See “THE SERIES 2016 BONDS – Book-Entry Only System.” Certain of the Series 2016 Bonds will be subject to optional and mandatory redemption prior to maturity at the prices, in the manner and at such times as set forth in this Official Statement. See “THE SERIES 2016 BONDS – Redemption.”

The Series 2016 Bonds are being issued for the purposes of: (a) refunding and redeeming, together with certain other legally available funds of the Miami-Dade County Aviation Department, all or a portion of certain Outstanding aviation revenue bonds of the County as described in this Official Statement; and (b) paying certain costs of issuance relating to the Series 2016 Bonds. See “INTRODUCTION” and “PLAN OF REFUNDING.”

**THE SERIES 2016 BONDS WILL BE SPECIAL, LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM A PLEDGE OF NET REVENUES (AS DESCRIBED IN THIS OFFICIAL STATEMENT) DERIVED FROM THE PORT AUTHORITY PROPERTIES, INCLUDING THE OPERATION OF THE MIAMI INTERNATIONAL AIRPORT, AS DESCRIBED IN THIS OFFICIAL STATEMENT, AND CERTAIN OTHER MONIES. THE SERIES 2016 BONDS WILL BE SECURED ON A PARITY BASIS WITH THE COUNTY’S OUTSTANDING BONDS UNDER THE TRUST AGREEMENT DESCRIBED IN THIS OFFICIAL STATEMENT. NEITHER THE FAITH AND CREDIT OF THE STATE OF FLORIDA OR THE COUNTY NOR THE FAITH AND CREDIT OF ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF FLORIDA OR THE COUNTY ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2016 BONDS. THE ISSUANCE OF THE SERIES 2016 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF FLORIDA OR THE COUNTY OR ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF FLORIDA OR THE COUNTY TO LEVY ANY TAXES FOR THE PAYMENT OF THE SERIES 2016 BONDS OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE NET REVENUES AND CERTAIN OTHER MONIES PLEDGED TO THE PAYMENT OF THE SERIES 2016 BONDS UNDER THE TRUST AGREEMENT.**

See the inside cover page for maturities, principal amounts, initial CUSIP numbers, interest rates, yields and prices of the Series 2016 Bonds.

This cover page contains information for quick reference only. It is not a summary of the Series 2016 Bonds. Investors must read the entire Official Statement, including the APPENDICES attached hereto, to obtain information essential to the making of an informed investment decision. Unless otherwise specified, cross-references are to specific captioned sections of this Official Statement.

*The Series 2016 Bonds are offered when, as and if issued by the County and accepted by the Underwriters, subject to opinions on certain legal matters relating to their issuance of Squire Patton Boggs (US) LLP, Miami, Florida and D. Seaton and Associates, P.A., Miami, Florida, Bond Counsel to the County. Certain legal matters will be passed upon for the County by the Office of the Miami-Dade County Attorney. Certain other legal matters relating to disclosure will be passed upon for the County by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, and Liebler, Gonzalez & Portuondo, Miami, Florida, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Moskowitz, Mandell, Salim & Simowitz, P.A., Fort Lauderdale, Florida. The Financial Advisor to the Miami-Dade County Aviation Department is FirstSouthwest, a Division of Hilltop Securities Inc., Miami, Florida. It is expected that the Series 2016 Bonds will be available for delivery through DTC in New York, New York on or about \_\_\_\_\_, 2016.*

## BofA Merrill Lynch

Cabrera Capital Markets, LLC  
Ramirez & Co., Inc.

Barclays Capital Inc.  
Drexel Hamilton  
Morgan Stanley

Blaylock Beal Van, LLC  
Estrada Hinojosa & Company, Inc.  
Raymond James

J.P. Morgan  
Rice Financial Products Company

Citigroup  
Loop Capital Markets  
RBC Capital Markets

Dated: \_\_\_\_\_, 2016

\*Preliminary, subject to change.

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**MATURITIES, PRINCIPAL AMOUNTS, INITIAL CUSIP NUMBERS<sup>(1)</sup>, INTEREST RATES, YIELDS  
AND PRICES OF THE SERIES 2016 BONDS**

\$ \_\_\_\_\_<sup>(2)</sup>  
**AVIATION REVENUE REFUNDING BONDS  
SERIES 2016A (NON-AMT)**

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Initial</u> <u>CUSIP No.</u> <sup>(1)</sup>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
---------------------------------------	-----------------------------------	---	--------------------------------	--------------	--------------

\$ \_\_\_\_\_<sup>(2)</sup>  
**AVIATION REVENUE REFUNDING BONDS  
SERIES 2016B (TAXABLE)**

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Initial</u> <u>CUSIP No.</u> <sup>(1)</sup>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
---------------------------------------	-----------------------------------	---	--------------------------------	--------------	--------------

<sup>(1)</sup> Neither the County nor the Underwriters assume responsibility for the use of CUSIP numbers, nor is any representation made as to their correctness. The CUSIP numbers are included solely for the convenience of the readers of this Official Statement.

<sup>(2)</sup> Preliminary, subject to change

**MIAMI-DADE COUNTY, FLORIDA**

Carlos A. Gimenez, Mayor

**MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS**

Jean Monestime, Chairman  
Esteban Bovo, Jr., Vice Chair

<u>Name</u>	<u>District</u>	<u>Name</u>	<u>District</u>
Barbara J. Jordan	1	Daniella Levine Cava	8
Jean Monestime	2	Dennis C. Moss	9
Audrey M. Edmonson	3	Senator Javier D. Souto	10
Sally A. Heyman	4	Juan C. Zapata	11
Bruno A. Barreiro	5	José "Pepe" Diaz	12
Rebeca Sosa	6	Esteban Bovo, Jr.	13
Xavier L. Suarez	7		

**COUNTY CLERK**

Harvey Ruvin

**COUNTY ATTORNEY**

Abigail Price-Williams, Esq.

**DEPUTY MAYOR / FINANCE DIRECTOR**

Edward Marquez

**AVIATION DEPARTMENT**

Emilio T. González, Ph.D.  
Aviation Director

Kenneth A. Pyatt  
Deputy Aviation Director

Sandra Bridgeman, CPA  
Chief Financial Officer

Oscar Aguirre  
Capital Finance Manager

**BOND COUNSEL**

Squire Patton Boggs (US) LLP  
Miami, Florida

D. Seaton and Associates, P.A.  
Miami, Florida

**DISCLOSURE COUNSEL**

Nabors, Giblin & Nickerson, P.A.  
Tampa, Florida

Liebler, Gonzalez & Portuondo  
Miami, Florida

**FINANCIAL ADVISOR**

FirstSouthwest, a Division of Hilltop Securities Inc.  
Miami, Florida

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

KPMG LLP  
Miami, Florida

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COUNTY, THE MIAMI-DADE COUNTY AVIATION DEPARTMENT (THE "AVIATION DEPARTMENT") OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN AS SET FORTH IN THIS OFFICIAL STATEMENT AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COUNTY, THE AVIATION DEPARTMENT OR THE UNDERWRITERS. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SERIES 2016 BONDS BY A PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER, SOLICITATION OR SALE. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE SERIES 2016 BONDS.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. *THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.*

THE SERIES 2016 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, NOR HAVE THE TRUST AGREEMENT, THE SERIES 2016 RESOLUTION OR THE AUTHORIZATIONS DESCRIBED IN THIS OFFICIAL STATEMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY UPON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2016 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2016 BONDS TO CERTAIN DEALERS AND OTHERS AT YIELDS HIGHER THAN THE PUBLIC OFFERING YIELDS REFLECTED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING YIELDS MAY BE CHANGED FROM TIME TO TIME, AFTER THE INITIAL OFFERING TO THE PUBLIC, BY THE UNDERWRITERS.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFICIAL STATEMENT ARE FOR CONVENIENCE OF REFERENCE ONLY AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISIONS OR SECTIONS IN THIS OFFICIAL STATEMENT. THE OFFERING OF THE SERIES 2016 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE WEBSITES: \_\_\_\_\_ AND WWW.EMMA.MSRB.ORG. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITES.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. SUCH FORWARD-LOOKING STATEMENTS INCLUDE, BUT ARE NOT LIMITED TO, CERTAIN STATEMENTS CONTAINED IN THE INFORMATION UNDER THE CAPTIONS "ESTIMATED SOURCES AND USES OF FUNDS," "CERTAIN INVESTMENT CONSIDERATIONS," AND "AVIATION DEPARTMENT FINANCIAL INFORMATION – MANAGEMENT'S DISCUSSION OF FINANCIAL INFORMATION," IN THIS OFFICIAL STATEMENT. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. AMONG THE FACTORS THAT MAY CAUSE PROJECTED REVENUES AND EXPENDITURES TO BE MATERIALLY DIFFERENT FROM THOSE ANTICIPATED ARE AN INABILITY TO INCUR DEBT AT ASSUMED RATES, CONSTRUCTION DELAYS, INCREASES IN CONSTRUCTION COSTS, GENERAL ECONOMIC DOWNTURNS, FACTORS AFFECTING THE AIRLINE INDUSTRY IN GENERAL, FEDERAL LEGISLATION AND/OR REGULATIONS, AND REGULATORY AND OTHER RESTRICTIONS, INCLUDING, BUT NOT LIMITED TO, THOSE THAT MAY AFFECT THE ABILITY TO UNDERTAKE, THE TIMING OR THE COSTS OF CERTAIN PROJECTS. ANY FORECAST IS SUBJECT TO SUCH UNCERTAINTIES. THEREFORE, THERE ARE LIKELY TO BE DIFFERENCES BETWEEN FORECASTS AND ACTUAL RESULTS, AND THOSE DIFFERENCES MAY BE MATERIAL. OTHER THAN THE CUSTOMARY FINANCIAL REPORTING ACTIVITIES OF THE COUNTY AND THE AVIATION DEPARTMENT OR REPORTING ACTIVITIES NECESSARY TO COMPLY WITH LEGAL OR CONTRACTUAL REQUIREMENTS, NEITHER THE COUNTY NOR THE AVIATION DEPARTMENT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN (i) THE EXPECTATIONS OF THE COUNTY OR THE AVIATION DEPARTMENT CHANGE, OR (ii) THE EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH FORWARD-LOOKING STATEMENTS ARE BASED ACTUALLY OCCUR OR FAIL TO OCCUR.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE COUNTY FOR PURPOSES OF RULE 15c2-12 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(b)(1).



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## OFFICIAL STATEMENT

relating to

### MIAMI-DADE COUNTY, FLORIDA

\$ \_\_\_\_\_ \*  
Aviation Revenue Refunding Bonds  
Series 2016A (Non-AMT)

\$ \_\_\_\_\_ \*  
Aviation Revenue Refunding Bonds  
Series 2016B (Taxable)

### INTRODUCTORY STATEMENT

This Official Statement of Miami-Dade County, Florida (the "County"), which includes the cover page, the inside cover page and the Appendices, furnishes information in regard to the Port Authority Properties (the "Port Authority Properties") and other assets owned by the County and operated by the Miami-Dade County Aviation Department (the "Aviation Department") and other information in connection with the issuance and sale of the County's \$ \_\_\_\_\_ \* Aviation Revenue Refunding Bonds, Series 2016A (Non-AMT) (the "Tax-Exempt Bonds") and its \$ \_\_\_\_\_ \* Aviation Revenue Refunding Bonds, Series 2016B (Taxable) (the "Taxable Bonds" and, together with the Tax-Exempt Bonds, the "Series 2016 Bonds").

The Series 2016 Bonds are being issued pursuant to (1) Chapters 125 and 166, Florida Statutes, as amended (collectively, the "Act"), (2) the Amended and Restated Trust Agreement dated as of December 15, 2002 (the "Trust Agreement") by and among the County, The Bank of New York Mellon (successor in interest to JPMorgan Chase Bank, N.A.), as trustee (the "Trustee"), and U.S. Bank National Association (successor in interest to Wachovia Bank, National Association), as co-trustee (the "Co-Trustee"), and (3) Resolution No. R-\_\_\_\_-16 (the "Series 2016 Resolution") adopted by the Board of County Commissioners of Miami-Dade County, Florida (the "Board") on \_\_\_\_\_, 2016, approving the issuance of the Series 2016 Bonds. See "AUTHORIZATION FOR THE SERIES 2016 BONDS" and "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

The Series 2016 Bonds are being issued for the purposes of (a) refunding and redeeming, together with certain other legally available funds of the Aviation Department, all or a portion of the outstanding (i) Miami-Dade County, Florida Aviation Revenue Bonds, Series 2007B (Non-AMT) (the "Series 2007B Bonds"); (ii) Miami-Dade County, Florida Aviation Revenue Refunding Bonds, Series 2007C (AMT) (the "Series 2007C Bonds"); (iii) Miami-Dade County, Florida Aviation Revenue Bonds, Series 2008A (AMT) (the "Series 2008A Bonds"); (iv) Miami-Dade County, Florida Aviation Revenue Bonds, Series 2008B (Non-AMT) (the "Series 2008B Bonds"); (v) Miami-Dade County, Florida Aviation Revenue Bonds, Series 2009B (Non-AMT) (the "Series 2009B Bonds"); and (vi) Miami-Dade County, Florida Aviation Revenue Bonds, Series 2010A (AMT) (the "Series 2010A Bonds") **[REFUNDED SERIES TO BE UPDATED CLOSER TO POSTING]**; and (b) paying certain costs of issuance relating to the Series 2016 Bonds. See "PLAN OF REFUNDING" for the maturities of each series of bonds being refunded.

The Series 2016 Bonds are payable from and are secured by a pledge of Net Revenues (as described in this Official Statement) of the Port Authority Properties. See "SECURITY FOR THE SERIES 2016 BONDS – Pledge of Net Revenues." The major components of the Port Authority Properties are (1) the terminals, grounds, runways and taxiways of (a) the Miami International Airport (the "Airport" or "MIA"), (b) three general aviation airports (Miami-Opa locka Executive Airport, Homestead General Aviation Airport and Miami Executive Airport), (c) one flight training airport (Dade-Collier Training and Transition Airport), and (d) one decommissioned airport (Opa-locka West Airport), and (2) all facilities or improvements of the County's airports that are designated as Port Authority Properties pursuant to the Trust Agreement.

\*Preliminary, subject to change

Reference herein to "Port Authority Properties" shall mean the Port Authority Properties as the same exist unless otherwise indicated. Port Authority Properties do not include any facilities or improvements at the County's airports financed by obligations not issued under the Trust Agreement or not otherwise designated as Port Authority Properties under the Trust Agreement.

The Airport is located approximately seven miles west of the downtown area of the City of Miami and includes approximately 3,230 acres and approximately 184 buildings. As of September 30, 2015, the Airport provided approximately 444 departing non-stop daily flights to over 150 cities worldwide. The Airport provides service to virtually every capital and secondary city/business center in the Latin American/Caribbean region and to many major business centers in Europe. For the 12-month period ended September 30, 2015, a total of 43,347,129 passengers traveled through the Airport. American Airlines is the predominant carrier at the Airport. Including the operation of its affiliate, Envoy Air Inc. which operates under the American Eagle brand, American Airlines accounted for approximately 66.6% and 65.8% of the enplaned passengers at the Airport during the 12-month periods ended September 30, 2014 and September 30, 2015, respectively. On December 9, 2013, the merger of AMR Corporation, the parent company of American Airlines, now renamed American Airlines Group Inc. ("AAG") and US Airways, became effective. The two airlines received a Single Operating Certificate on April 8, 2015 and both airlines' reservation systems have now been combined into a single system. The entire airport system operated by the County is referred to herein as the "Airport System." **[UPDATE AS NECESSARY-REFLECTS CP OFFERING MEMO UPDATES]**

While the Net Revenues of all Port Authority Properties are pledged under the Trust Agreement, the Airport generates the majority of the Net Revenues that secure the Bonds (as defined below), including the Series 2016 Bonds. Under the Trust Agreement, the proceeds of Passenger Facilities Charges ("PFCs") do not constitute Revenues and currently are not pledged to the payment of any Bonds, including the Series 2016 Bonds. The County, however, has previously utilized certain revenues derived from PFCs to make payments on the Bonds and may, in its discretion, elect to do so in the future. See "SECURITY FOR THE SERIES 2016 BONDS – Pledge of Net Revenues," "– Rate Covenant" and "– Airline Use Agreement," "CERTAIN INVESTMENT CONSIDERATIONS – PFC Collections" and "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

The Series 2016 Bonds are being issued on a parity basis with the \$ \_\_\_\_\_ aggregate principal amount of aviation revenue bonds currently Outstanding, as defined in the Trust Agreement, as to the pledge of, lien on and source of payment from Net Revenues. Subject to certain conditions, the County may issue Additional Bonds and Refunding Bonds (as such terms are defined below) under the Trust Agreement on a parity basis with the Outstanding Bonds and the Series 2016 Bonds. See "SECURITY FOR THE SERIES 2016 BONDS – Issuance of Additional Bonds" and "– Issuance of Refunding Bonds." The Series 2016 Bonds, the Outstanding Bonds and any Additional Bonds and Refunding Bonds hereafter issued on a parity basis with such bonds are collectively referred to in this Official Statement as the "Bonds." See "AVIATION-RELATED DEBT – Outstanding Bonds Under the Trust Agreement," "AVIATION DEPARTMENT FINANCIAL INFORMATION" and "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

This Official Statement contains descriptions of, among other matters, the Series 2016 Bonds, the Trust Agreement, the Aviation Department, the Airport, its facilities and operations, the capital improvement program ("CIP") of the Aviation Department, and the Terminal Optimization Program which comprises a portion of the CIP. Such descriptions do not purport to be comprehensive or definitive. Certain information in this Official Statement has been provided by The Depository Trust Company ("DTC"). See "APPENDIX F – BOOK-ENTRY ONLY SYSTEM." The County has not provided information in this Official Statement with respect to DTC, and the County does not certify as to the accuracy or sufficiency of the disclosure policies of or content provided by DTC, and is not responsible for the information provided by DTC. All references in this Official Statement to the Trust Agreement and related documents are qualified in their entirety by reference to such documents. References in this Official Statement to the Series 2016 Bonds are qualified in their entirety by reference to the form of the Series 2016 Bonds included in the Trust Agreement.

Audited financial statements of the Aviation Department for the fiscal years ended September 30, 2015 and September 30, 2014 are included as APPENDIX A. A summary of certain provisions of the Trust Agreement is included as APPENDIX B. A summary of certain provisions of the Airline Use Agreement is included as APPENDIX C. The substantially final form of the opinions to be delivered by Squire Patton Boggs (US) LLP and D. Seaton and Associates, P.A., Bond Counsel, is included as APPENDIX D. The substantially final form of the opinions to be delivered by Nabors, Giblin & Nickerson, P.A. and Liebler, Gonzalez & Portuondo, Disclosure Counsel, is included as APPENDIX E.

All capitalized terms not otherwise defined in this Official Statement shall have the meanings ascribed to them in the Trust Agreement. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" for definitions of certain of those terms.

### **AUTHORIZATION FOR THE SERIES 2016 BONDS**

Pursuant to the Act, the County is authorized to construct, acquire, establish, improve, extend, enlarge, reconstruct, equip, maintain, repair and operate, within or outside the territorial boundaries of the County, projects, including, but not limited to, airport facilities of all kinds, including all properties, rights, easements and franchises relating to such airport facilities. The Airport, three general aviation airports, one flight training airport, one decommissioned airport, and airport-related properties and improvements constituting the Port Authority Properties are operated by the County through the Aviation Department. Title to the Port Authority Properties is vested in the County.

The Act authorizes the issuance of aviation revenue bonds to mature not later than 40 years from their date of issuance for any of the purposes set forth in the Act. Such revenue bonds do not constitute a debt of the County, or a pledge of the faith and credit of the County, but are payable solely from Net Revenues of the Port Authority Properties.

The Series 2016 Bonds are being issued pursuant to the Act, the Trust Agreement, and the Series 2016 Resolution.

### **PLAN OF REFUNDING**

The net proceeds of the Series 2016 Bonds will be applied, together with certain other legally available funds of the Aviation Department related to the Refunded Bonds (as defined below), to refund the Refunded Bonds. The specific principal amounts and maturities of the Series 2007B Bonds, Series 2007C Bonds, Series 2008A Bonds, Series 2008B Bonds, Series 2009B Bonds and Series 2010A Bonds that will be refunded (the "Refunded Bonds") [REFUNDED SERIES TO BE UPDATED CLOSER TO POSTING] with proceeds of the Series 2016 Bonds and certain other legally available funds of the Aviation Department are set forth below.

#### **Refunded 2007B (Non-AMT) Bonds**

<b>Maturity</b>	<b>Principal Amount</b>	<b>Redemption Date</b>	<b>Redemption Price</b>
-----------------	-----------------------------	------------------------	-----------------------------

#### **Refunded 2007C (AMT) Bonds**

<b>Maturity</b>	<b>Principal Amount</b>	<b>Redemption Date</b>	<b>Redemption Price</b>
-----------------	-----------------------------	------------------------	-----------------------------

49

**Refunded 2008A (AMT) Bonds**

<b><u>Maturity</u></b>	<b><u>Principal Amount</u></b>	<b><u>Redemption Date</u></b>	<b><u>Redemption Price</u></b>
------------------------	------------------------------------	-------------------------------	------------------------------------

**Refunded 2008B (Non-AMT) Bonds**

<b><u>Maturity</u></b>	<b><u>Principal Amount</u></b>	<b><u>Redemption Date</u></b>	<b><u>Redemption Price</u></b>
------------------------	------------------------------------	-------------------------------	------------------------------------

**Refunded 2009B (Non-AMT) Bonds**

<b><u>Maturity</u></b>	<b><u>Principal Amount</u></b>	<b><u>Redemption Date</u></b>	<b><u>Redemption Price</u></b>
------------------------	------------------------------------	-------------------------------	------------------------------------

**Refunded 2010A (AMT) Bonds**

<b><u>Maturity</u></b>	<b><u>Principal Amount</u></b>	<b><u>Redemption Date</u></b>	<b><u>Redemption Price</u></b>
------------------------	------------------------------------	-------------------------------	------------------------------------

[Add language describing the maturities within each series of Refunded Bonds that will remain outstanding.]

The County will enter into an irrevocable Escrow Deposit Agreement with the Trustee relating to the refunding of the Refunded Bonds (the "Escrow Agreement"). The Escrow Agreement will provide that cash and/or noncallable direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America (the "Government Obligations") will be deposited to the escrow fund created under the Escrow Agreement (the "Escrow Fund") and will mature and bear interest at times and in amounts sufficient to pay principal of and interest on the Refunded Bonds from the date the Series 2016 Bonds are issued until the Refunded Bonds are called for redemption. \_\_\_\_\_ (the "Verification Agent"), has verified the arithmetic accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the Government Obligations and the uninvested cash deposited to the Escrow Fund to pay the Refunded Bonds upon the redemption thereof. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

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## ESTIMATED SOURCES AND USES OF FUNDS

The proceeds derived from the sale of the Series 2016 Bonds and other legally available funds are expected to be applied as follows:

	Series 2016A	Series 2016B	Total
SOURCES OF FUNDING			
Aggregate Par Amount			
Plus: [Net] Premium			
Other Legally Available Funds <sup>(1)</sup>			
TOTAL SOURCES			
USES OF FUNDS:			
Deposit to Escrow Fund			
[Deposit to Reserve Account]			
Underwriters' Discount			
Costs of Issuance <sup>(2)</sup>			
TOTAL USES			

<sup>(1)</sup> Represents amount held in funds and accounts under the Trust Agreement for the benefit of the Refunded Bonds.

<sup>(2)</sup> Includes fees of Bond Counsel, Disclosure Counsel, Financial Advisor, Verification Agent and other costs of issuing the Series 2016 Bonds.

## THE SERIES 2016 BONDS

### General

The Series 2016 Bonds will be dated as of their date of delivery, will bear interest at such rates, will be payable at such times, and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2016 Bonds will be payable on April 1 and October 1 of each year, commencing on October 1, 2016. Certain of the Series 2016 Bonds will be subject to optional and mandatory redemption as described in this Official Statement. The Series 2016 Bonds are being issued as fully registered bonds in denominations of \$5,000 or any integral multiple of \$5,000, and when issued will be initially registered in the name of Cede & Co., as nominee of DTC. Purchases of beneficial interests in the Series 2016 Bonds will be made in book-entry only form, without certificates. If the book-entry only system is discontinued, such beneficial interests are exchangeable for one or more fully registered bonds of like principal amount.

So long as any of the Series 2016 Bonds are in book-entry only form, the registered owner of the Series 2016 Bonds will be Cede & Co. for all purposes of the Trust Agreement and the principal of and interest on the Series 2016 Bonds will be payable as described under "THE SERIES 2016 BONDS – Book-Entry Only System" in APPENDIX F.

### Redemption

The Series 2016 Bonds are subject to optional and mandatory redemption prior to their stated maturity, as set forth below.

#### *Optional Redemption of Tax-Exempt Bonds*

The Tax-Exempt Bonds maturing on or before October 1, 20\_\_ shall not be subject to optional redemption prior to maturity. The Tax-Exempt Bonds maturing on or after October 1, 20\_\_ may be redeemed prior to their respective maturities at the option of the County, either in whole or in part, from any monies that may be available for such purpose, on any date on or after October 1, 20\_\_, at a redemption price equal to 100% of the principal



amount of such Tax-Exempt Bonds or portion of such Tax-Exempt Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

*Mandatory Redemption of Tax-Exempt Bonds*

The Tax-Exempt Bonds maturing on October 1, 20\_\_ are subject to mandatory redemption prior to maturity at a redemption price equal to the Amortization Requirement of such Tax-Exempt Bonds, plus accrued interest, without premium, in the following principal amounts on October 1 of the years set forth below:

<u>Year</u>	<u>Amount</u>
-------------	---------------

\_\_\_\_\_  
\* Payment at maturity

The Tax-Exempt Bonds maturing on October 1, 20\_\_ are subject to mandatory redemption prior to maturity at a redemption price equal to the Amortization Requirement of such Tax-Exempt Bonds, plus accrued interest, without premium, in the following principal amounts on October 1 of the years set forth below:

<u>Year</u>	<u>Amount</u>
-------------	---------------

\_\_\_\_\_  
\* Payment at maturity

*Optional Redemption of Taxable Bonds*

The Taxable Bonds maturing on or before October 1, 20\_\_ shall not be subject to optional redemption prior to maturity. The Taxable Bonds maturing on or after October 1, 20\_\_ may be redeemed prior to their respective maturities at the option of the County, either in whole or in part, from any monies that may be available for such purpose, on any date on or after October 1, 20\_\_, at a redemption price equal to 100% of the principal amount of such Taxable Bonds or portion of such Taxable Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

*Mandatory Redemption of Taxable Bonds*

The Taxable Bonds maturing on October 1, 20\_\_ are subject to mandatory redemption prior to maturity at a redemption price equal to the Amortization Requirement of such Taxable Bonds, plus accrued interest, without premium, in the following principal amounts on October 1 of the years set forth below:

<u>Year</u>	<u>Amount</u>
-------------	---------------

\_\_\_\_\_  
\* Payment at maturity

The Taxable Bonds maturing on October 1, 20\_\_ are subject to mandatory redemption prior to maturity at a redemption price equal to the Amortization Requirement of such Taxable Bonds, plus accrued interest, without premium, in the following principal amounts on October 1 of the years set forth below:

Year	Amount
------	--------

\* Payment at maturity

#### *Notice and Effect of Redemption*

In the event of a partial redemption of the Series 2016 Bonds, the Series 2016 Bonds may be redeemed in any order of maturity determined by the County. If less than all of the Series 2016 Bonds of any one maturity shall be called for redemption, the particular Series 2016 Bonds to be redeemed shall be selected by lot by the Trustee by such method as it shall deem fair and appropriate. However, so long as the Series 2016 Bonds are in book-entry form and registered in the name of Cede & Co. (DTC's partnership nominee), the provisions for selecting Series 2016 Bonds for redemption may be altered in order to conform to the requirements of DTC.

Notice of the proposed redemption of any Series 2016 Bonds shall be mailed, postage prepaid, to Cede & Co., as nominee of DTC, as registered owner of the Series 2016 Bonds, or, if DTC is no longer the registered owner of the Series 2016 Bonds, to the then registered owners of the Series 2016 Bonds, as applicable, which notice shall be mailed at least 30 days prior to the date fixed for redemption (the "Redemption Date").

The Series 2016 Resolution states that, in the case of an optional redemption, the notice of redemption may state that (i) it is conditioned upon the deposit of monies, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the Redemption Date, or (ii) the County retains the right to rescind such notice on or prior to the scheduled Redemption Date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such monies are not so deposited or if the notice is rescinded as described in this paragraph. Any such notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the Redemption Date if the County delivers a written direction to the Trustee directing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected holders of Series 2016 Bonds. Any Series 2016 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the County to make such funds available shall constitute an Event of Default. The Trustee shall give immediate notice to the securities information repositories and the affected holders of Series 2016 Bonds that the redemption did not occur and that the Series 2016 Bonds called for redemption and not so paid remain Outstanding.

No interest shall accrue after the Redemption Date of any Series 2016 Bonds if notice has been duly given as provided in the Trust Agreement and payment for such Series 2016 Bonds has been duly provided, and in such event, the Series 2016 Bonds (or portion of such Series 2016 Bonds) called for redemption will no longer be protected by the lien of the Trust Agreement, but shall be secured solely by the monies held for the redemption payment of such Series 2016 Bonds. The failure to mail a notice of redemption as required in the Trust Agreement shall not affect the validity of the proceedings for such redemption.

#### **Acceleration Upon Default**

All principal of and accrued interest on the Series 2016 Bonds may become immediately due and payable, without premium, upon an Event of Default under the Trust Agreement if the Trustee (1) exercises its option to so declare or (2) is directed to so declare by the holders of not less than a majority in principal amount of the Outstanding Bonds. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Remedies of Bondholders."

### **Book-Entry Only System**

DTC will act as securities depository for the Series 2016 Bonds pursuant to a book-entry system. Information regarding DTC and its book-entry system appears as APPENDIX F. Such information has been provided by DTC, and the County assumes no responsibility for the accuracy or completeness of such information. The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

### **Discontinuance of Book-Entry Only System**

In the event the County determines that it is in the best interest of the Beneficial Owners to obtain Series 2016 Bond certificates, the County may notify DTC and the Trustee, whereupon DTC will notify the DTC Participants, of the availability through DTC of Series 2016 Bond certificates. In such event, the County shall prepare and execute, and the Trustee shall authenticate, transfer and exchange, Series 2016 Bond certificates as requested by DTC in appropriate amounts and within the guidelines set forth in the Series 2016 Resolution. DTC also may determine to discontinue providing its services with respect to the Series 2016 Bonds at any time by giving written notice to the County and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and the Trustee shall be obligated to deliver Series 2016 Bond certificates as described herein. In the event Series 2016 Bond certificates are issued, the provisions of the Trust Agreement and the Series 2016 Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such Series 2016 Bonds in certificated form. Whenever DTC requests the County and the Trustee to do so, the County will direct the Trustee to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2016 Bonds to any DTC Participant having Series 2016 Bonds credited to its DTC account; or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2016 Bonds.

## **SECURITY FOR THE SERIES 2016 BONDS**

### **Pledge of Net Revenues**

The Series 2016 Bonds and all other Bonds and the interest on the Series 2016 Bonds and all other Bonds are payable solely from and are secured by a pledge of the Net Revenues of the Port Authority Properties. The security for the Series 2016 Bonds and all other Bonds does not include any mortgage or lien or any security interest in any of the Port Authority Properties.

"Net Revenues" are defined in the Trust Agreement as the amount of the excess of the Revenues of the Port Authority Properties over the total of the Current Expenses of the Port Authority Properties. "Revenues" are defined in the Trust Agreement as all monies received or earned by the County for the use of, and for the services and facilities furnished by, the Port Authority Properties and all other income derived by the County from the operation or ownership of said Port Authority Properties, including any ground rentals for land on which buildings or structures may be constructed, whether such buildings or structures shall be financed by Bonds issued under the provisions of the Trust Agreement or otherwise, and Hedge Receipts. "Revenues" do not, however, include any monies received as a grant or gift from the United States of America or the State of Florida (the "State") or any department or agency of either of them or any monies received from the sale of property. "Current Expenses" are defined in part as the County's reasonable and necessary current expenses of maintenance, repair and operation of the Port Authority Properties and shall include, without limiting the generality thereof, amounts payable to any bank or other financial institution for the issuance of a Credit Facility, Liquidity Facility or Reserve Facility, but shall not include any reserves for extraordinary maintenance or repair, or any allowance for depreciation, or any Hedge Obligations or Hedge Charges. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

For purposes of the Trust Agreement, unless otherwise provided by resolution of the Board, the proceeds of PFCs are excluded from the definition of Revenues and therefore are not included in Net Revenues and are not pledged to the payment of the Bonds. The Board has not provided by resolution for the PFCs to be part of

Revenues. The County, however, has previously utilized a portion of the PFCs to pay debt service on Bonds and may, in its discretion, elect to do so in the future. See "Rate Covenant" under this caption.

In addition, the amounts held under the Trust Agreement in the Construction Fund, the Revenue Fund, the Sinking Fund (including the Bond Service Account, the Reserve Account and the Redemption Account), the Reserve Maintenance Fund and the Improvement Fund are pledged to secure holders of the Bonds, subject to certain limitations provided in the Trust Agreement.

THE SERIES 2016 BONDS WILL BE SPECIAL, LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM A PLEDGE OF NET REVENUES DERIVED FROM THE PORT AUTHORITY PROPERTIES, INCLUDING THE OPERATION OF THE AIRPORT AND CERTAIN OTHER MONIES. THE SERIES 2016 BONDS WILL BE SECURED ON A PARITY BASIS WITH THE COUNTY'S OUTSTANDING BONDS UNDER THE TRUST AGREEMENT. NEITHER THE FAITH AND CREDIT OF THE STATE OF FLORIDA OR THE COUNTY NOR THE FAITH AND CREDIT OF ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF FLORIDA OR THE COUNTY ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2016 BONDS. THE ISSUANCE OF THE SERIES 2016 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF FLORIDA OR THE COUNTY OR ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF FLORIDA OR THE COUNTY TO LEVY ANY TAXES FOR THE PAYMENT OF THE SERIES 2016 BONDS OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE NET REVENUES AND CERTAIN OTHER MONIES PLEDGED TO THE PAYMENT OF THE SERIES 2016 BONDS UNDER THE TRUST AGREEMENT.

#### **Rate Covenant**

The County has covenanted in the Trust Agreement that it will at all times fix, charge and collect rates and charges for the use of and for the services and facilities furnished by the Port Authority Properties, and that from time to time, and as often as it shall appear necessary, it will revise such rates and charges as may be necessary or proper, in order that the Revenues will at all times be sufficient (the "Rate Covenant" or the "Rate Covenant Requirement"):

- (i) to provide funds for the payment of Current Expenses;
- (ii) to provide for making the deposits to the Reserve Maintenance Fund of the amounts recommended by the Consulting Engineers under the Trust Agreement; and
- (iii) to provide for (a) making deposits to the Sinking Fund (other than the Reserve Account) in each 12-month period ending September 30<sup>th</sup> (each, a "Fiscal Year") of an amount not less than 120% of the Principal and Interest Requirements for such Fiscal Year on account of the Bonds of each Series then Outstanding and (b) making deposits required to be made during such Fiscal Year into the Reserve Account and/or payments required to be made during such Fiscal Year to providers of Reserve Facilities in connection with draws under such facilities.

Consistent with the terms of the Airline Use Agreement, as described below, the County includes a portion of the monies remaining in the Improvement Fund at the end of each Fiscal Year as "Revenues" in the following Fiscal Year for the purposes of satisfying the Rate Covenant Requirement. This inclusion may affect the actual amount that the County must collect in Revenues in any given year to comply with the Rate Covenant as well as the charges to be set and collected under the Airline Use Agreement. See "AVIATION DEPARTMENT FINANCIAL INFORMATION – PORT AUTHORITY PROPERTIES HISTORICAL OPERATING RESULTS."

The County also has the ability to deposit funds from non-Revenue sources (e.g., PFCs) directly into the Bond Service Account and the Redemption Account to reduce the Principal and Interest Requirements for purposes of meeting the Rate Covenant (i.e., the dollar amount of debt service that the Rate Covenant requires to be covered each year with the 20% coverage factor). As discussed in the next paragraph, in the past, the County has deposited substantial amounts derived from PFCs into the Bond Service Account and may choose to do so in the future to the

extent of debt service attributable to eligible projects that may be paid for with PFCs. Such deposits effectively reduce the total amount of Revenues that must be collected each year to comply with the Rate Covenant.

The County deposited \$85,000,000, \$50,000,000, \$54,500,000 and \$55,000,000.00 of PFCs into the Bond Service Account for Fiscal Years 2012 through 2015, respectively. The Aviation Department plans to continue to make such deposits in the future, although the amount may vary depending on numerous factors at the time the budget is prepared. To the extent such PFC amounts or other Revenues are not available for deposit into the Bond Service Account, airline rates and charges under the Airline Use Agreement would be increased to make up the difference, which would result in an increase in the airlines' costs per enplaned passenger. For Fiscal Years 2011, 2012, 2013, 2014 and 2015, the airlines' costs per enplaned passenger were \$18.51, \$19.72, \$20.39, \$20.56 and \$19.93 respectively. See "FUNDING SOURCES FOR CAPITAL PROJECTS – Passenger Facility Charges." See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AGREEMENT" for additional information on airlines' costs per enplaned passenger. [UPDATE AS NECESSARY]

The Trust Agreement provides that the County may enter into new leases or other agreements or contracts for the use of services or facilities of the Port Authority Properties on such terms and for such periods of time as the County shall determine to be proper, provided that the rents, fees and charges applicable thereto shall not be less than those prevailing for similar services or facilities on the date of execution of the Trust Agreement, unless approved by the Traffic Engineers.

The County has also covenanted in the Trust Agreement that any leases or other agreements entered into after November 1, 1985 for the use of any services or facilities of the Port Authority Properties shall contain a provision (the "rental adjustment provision") to the effect that if a court of competent jurisdiction shall determine that any of the rentals, fees or other charges (the "rental charges") imposed by the County under such leases or agreements, or under leases or other agreements for the use of similar services or facilities of the Port Authority Properties, are unjustly discriminatory, the County shall have the right to increase or otherwise adjust the rental charges imposed by any leases or other agreements containing the rental adjustment provision in such manner as the County shall determine is necessary and fair so that such rental charges shall not thereafter be unjustly discriminatory, nor shall any such rental adjustment diminish rental income to such an extent as to prevent the County from meeting its covenants under the Trust Agreement or from adhering to its representations made in any official statement distributed in connection with any Bonds issued under the Trust Agreement after November 1, 1985. Any such rental adjustment provision may also provide that in the event of a substantial upward adjustment in the rental charges pursuant to said provision, the lessee or other user of such services or facilities shall have the right to terminate such lease or other agreement by 60 days' written notice given to the County within one year of the effective date of such upward adjustment.

See "– Funds and Flow of Funds" under this caption for a description of the priority of monthly deposits to the Sinking Fund and the Reserve Maintenance Fund.

#### **Airline Use Agreement**

[UPDATE AS NECESSARY]

##### *Introduction*

The Airline Use Agreement (the "AUA") became effective May 1, 2002. As of December 31, 2014, 107 airlines had executed the AUA and are referred to in this Official Statement as the "Signatory Airlines." Seventy six (76) of the Signatory Airlines were operating at MIA as of September 30, 2015, and the remaining Signatory Airlines were charter, seasonal, scheduled international and scheduled domestic airlines that did not operate at MIA as of September 30, 2015.

In 2012, the Aviation Department and the airlines through the Miami Airport Affairs Committee (the "MAAC") negotiated a Restated Airline Use Agreement (the "Restated AUA") that updates the AUA to reflect current conditions. Under the AUA and Restated AUA (collectively, the "AUAs"), each Signatory Airline agrees that the MAAC shall represent the interests of all airlines at the Airport for voting on matters on which the AUAs require a decision and that any Majority-In-Interest ("MI") decision by the MAAC required by the AUAs shall be

binding on the Signatory Airline. The Signatory Airlines are in the process of transitioning to the Restated AUA. Although pursuant to the terms of the AUA no amendment to the AUA becomes effective until executed by all Signatory Airlines, the Airport Department treats the Restated AUA as effective for each Signatory Airline upon execution by such airline. As of September 30, 2015, fifty two (52) of the seventy six (76) operating Signatory Airlines have signed the Restated AUA. The AUAs will both expire on April 30, 2017 by which time the County expects to have negotiated a new airline use agreement with terms and conditions similar to the Restated AUA.

#### *General*

The AUAs set forth each Signatory Airline's obligations to the County for its operations at the Airport. The AUAs extend to April 30, 2017; however, Article 3(C) of the AUAs provides that, even after expiration of the AUA or the Restated AUA, the Signatory Airlines will pay landing fees ("Landing Fees") and other charges at the levels required under the AUAs, including specifically those required to meet the Rate Covenant Requirement under the Trust Agreement or any successor financing document, for so long as Signatory Airlines operate at the Airport or any other airport in the Airport System. In addition, each Signatory Airline has consented to the Airport System residual methodology for calculation of Landing Fees, and a cost-based, equalized rate setting methodology for calculating rents and user fees for the use of facilities, equipment and services at the Airport's terminal building (the "Terminal Building"). See "- Landing Fees" and "- Terminal Rents and User Fees" under this caption.

Under the AUAs, the County has agreed to work closely with the Signatory Airlines to review the approved capital projects for the Airport System through the MAAC. The MAAC must have at least eleven (11) Signatory Airlines drawn from the highest twenty five (25) airlines by landed weight at MIA, each of which must be in good standing under the AUAs. The MAAC membership must include American Airlines/US Airways, Air Canada, Delta Air Lines, and United Airlines for so long as any such airline operates at MIA or within the Airport System and is in good standing under the AUA or Restated AUA. In addition, the MAAC must include at least one European passenger airline, one Caribbean/Latin American passenger airline, one cargo airline and one regional airline and any Signatory Airline among the top 10 airlines on the Aviation Department's landed weight list for the prior year. Any otherwise eligible airline may request permission of the MAAC to join the MAAC, whose membership may not exceed twenty one (21) Signatory Airlines, and such request is entitled to the due consideration of the MAAC.

The MIIs represent the airlines' interests at the Airport and make decisions required by the AUAs on behalf of all Signatory Airlines. The selection process for the MIIs is described in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AGREEMENT." Under the AUAs, the MIIs have varying levels of review and approval or disapproval authority over certain capital improvement projects. Such levels of review and approval increase as projected airline costs per enplaned passenger approach and then exceed \$35 (expressed in 1998 dollars). The review and approval or disapproval process is described in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AGREEMENT."

Both the AUAs confirm the existence of the Aviation Capital Account and its two sub-accounts, the Retainage Sub-Account and the Performance Sub-Account. The AUAs provide that the Retainage Sub-Account is to be funded annually up to \$5,000,000 from monies in the Improvement Fund subject to a maximum cumulative balance of \$15,000,000 (expressed in 2001 dollars). Both of these amounts are subject to adjustment annually up or down by the percentage change in the U.S. Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the Miami-Fort Lauderdale combined metropolitan service area. The Performance Sub-Account may be funded annually from monies in the Improvement Fund in an amount equal to 50% of the Revenues that exceed breakeven costs of the Cargo and Commercial Aviation Support Facilities (as defined in the AUAs). There is no cap on the annual deposit to, or the balance in, the Performance Sub-Account.

At September 30, 2014, the estimated balance in the Retainage Sub-Account was \$15.4 million and the balance in the Performance Sub-Account was \$9.5 million. Currently, these two sub-accounts in the Aviation Capital Account are held in the Improvement Fund and are subject to a lien in favor of holders of the Bonds. However, the Aviation Department has the option of maintaining these accounts outside of the Improvement Fund, and in such case, such monies will not be subject to a lien in favor of holders of the Bonds. The Aviation Department may use the monies in the Retainage Sub-Account and the Performance Sub-Account for any lawful aviation-related purposes. For instance, the monies in the Retainage Sub-Account have provided the source of

payment for the Florida Department of Transportation State Infrastructure Bank loan as further described under "AVIATION-RELATED DEBT – Other Airport-Related Debt."

### *Landing Fees*

The AUAs provide that the County will establish a landing fee rate (the "Landing Fee Rate") under a residual methodology as described in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AGREEMENT." Based upon the proposed annual budget for the Port Authority Properties, the Aviation Department calculates the Landing Fee Rate to be effective each October 1<sup>st</sup> on the basis of estimated total landed weight for the annual period. Prior to the adoption of the budget by the Board, the Aviation Department meets with the MAAC to review the proposed budget and the calculation of the Landing Fee Rate. The Landing Fee Rate may also be adjusted on April 1<sup>st</sup> of each year or at any other time to meet emergencies. The Landing Fee Rate is calculated so that the Net Revenues to be received by the County in each Fiscal Year, after deducting required deposits to the Reserve Maintenance Fund, will not be less than 120% of the maximum Principal and Interest Requirements for such Fiscal Year (or not less than whatever other applicable percentage amount may be established in the Trust Agreement or any other successor trust indenture entered into by the County) on account of Bonds Outstanding under the Trust Agreement and adjusted as may be necessary to meet the requirements and obligations on account of all other Airport System indebtedness (including any commercial paper, interest rate swap agreements, and subordinated debt) payable from Revenues.

As set forth in the AUAs, an airline is obligated to pay 100%, 105% or 150% of the Landing Fee Rate and certain aviation use fees (collectively, the "Aviation Activities Fees"), depending on the extent of the airline's participation in the AUAs and a separate Aviation User Credit Program ("AUCP"). An airline that both signs the AUA or the Restated AUA and complies with the AUCP is entitled to pay not more than 100% of the established Aviation Activities Fees, payable to the Aviation Department by the 10<sup>th</sup> business day of the month following the month in which the Aviation Activities Fees are incurred. An airline that does not sign either Agreement (each such airline, a "Non-Signatory Airline"), but is nevertheless permitted by the Aviation Department to participate in the AUCP, is required to timely pay 105% of such fees by the 10<sup>th</sup> business day of the following month. Any airline, however, whether a Signatory or Non-Signatory Airline, that does not participate in the AUCP or fails to comply with the terms of the AUCP, is required to pay 150% of Aviation Activities Fees in cash each time it uses the Airport facilities. Copies of the AUAs are available upon request from the Aviation Department, and a summary of certain provisions of the AUAs is contained in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AGREEMENT."

### *Terminal Rents and User Fees*

The Terminal Building includes space leased exclusively by airlines for uses such as ticket counters, offices, passenger lounges and VIP clubs, but the majority of the space within the Terminal Building constitutes common use space, including concourses and passenger hold rooms. An airline using either exclusive use space or common use space in the Terminal Building must pay rents and user fees calculated in accordance with the methodology established by resolution of the Board. Consistent with the methodology established under the current Board resolution, the Aviation Department uses a blended or equalized rate approach for determining terminal rents and user fees. This means that each airline pays the same rate for a particular class of property regardless of its location within the Terminal Building.

Airlines requiring exclusive use space in the Terminal Building have entered into separate Terminal Building Lease Agreements ("TBLAs") covering their rights and obligations regarding the use of such space.

Each TBLA grants the tenant two lease rights: the general right to occupy undesignated space in the Terminal Building that is appropriate for the airline tenant's aeronautical needs, and the airline's specific right to lease the designated Terminal Building premises identified in the TBLA. The TBLA is on a month-to-month term for the specifically designated portion of the Terminal Building, with either party having the right to cancel the lease for such specific space on 30 days' notice. The month-to-month lease term for specifically identified Terminal Building space permits the Airport and the airline tenant to have maximum flexibility by permitting the airline to increase or decrease or abandon its leased space area depending on the airline's operating requirements, and by allowing the Airport to relocate the airline to a different location if the Airport's needs require it. As a result, under

the terms of the TBLA that allow an airline to terminate the lease on 30 days' notice in conjunction with the AUA or the Restated AUA that obligates an airline to pay landing and aviation fees only for so long as it uses the Airport, an airline may discontinue its operations at the Airport without substantial financial penalty.

#### *Restated AUA*

The provisions in the Restated AUA that differ from those in the AUA include: a tiered insurance provision allowing airlines operating smaller passenger and cargo aircraft to provide lower levels of insurance; a reduction in the security deposit requirement for payment of landing and aviation fees from the previous three months of estimated charges to two months of estimated charges; a clarification of the conditions under which airlines will receive relief from paying interest on delayed payments; a clarification of the Common Use Terminal Equipment (CUTE) Pricing Policy; and an amendment that allows further amendments to the Restated AUA upon concurrence of only 75% by number and landed weight of MAAC members rather than the current unanimous approval requirement. The expiration date of April 30, 2017 that applies to the AUA applies to the Restated AUA as well. Recent policy changes to the AUA that are currently in effect include clarification of the ground and cargo handling policies (contained in Tabs B and C of the AUAs) and a minor adjustment to the CUTE pricing policy (Tab L) in which CUTE ticket counter costs are now recovered based on the carrier's departing seats rather than the hours the carrier uses the CUTE ticket counter.

#### **Reserve Account**

The Trust Agreement provides for the maintenance of a common Reserve Account to secure payment of all Bonds Outstanding under the Trust Agreement and requires the County to make deposits to the Reserve Account until the amounts on deposit therein (including amounts available under any Reserve Facilities) equal one-half of the maximum annual Principal and Interest Requirements for any Fiscal Year thereafter on all Bonds then Outstanding (the "Reserve Account Requirement"). The Trust Agreement further provides that upon the delivery of Additional Bonds, the increase, if any, in the Reserve Account Requirement may be funded from proceeds of such Additional Bonds or from monthly deposits to the Reserve Account, which are required to be made in an amount equal to 1/60<sup>th</sup> of the Reserve Account Requirement, until the Reserve Account Requirement is met. If the required deposit to the Reserve Account is being satisfied by the reinstatement of any amount drawn under a Reserve Facility, the Trust Agreement requires the County to pay to the provider thereof such amount as shall be required to cause the provider to reinstate no less than the required deposit for such month.

Notwithstanding the foregoing, in lieu or in satisfaction of any required deposit into the Reserve Account or in substitution for all or a portion of the amounts on deposit, the County may cause to be deposited into the Reserve Account a Reserve Facility for the benefit of the holders of the Bonds, provided that prior to the deposit of a Reserve Facility into the Reserve Account, the Board shall adopt a resolution fixing, or providing for the fixing of, all details with respect to such Reserve Facility and draws thereunder. Any such Reserve Facility shall be available to be drawn (upon the giving of notice as required thereunder) on any payment date on which a deficiency exists for payment of the Bonds, which deficiency is payable from the Reserve Account and which cannot be cured by monies in the Reserve Account or any other Fund or Account held pursuant to the Trust Agreement and available for such purpose. If any such Reserve Facility is substituted for monies on deposit in the Reserve Account, the excess monies in the Reserve Account shall be applied to satisfy any deficiency in any of the Funds and Accounts, and any remaining balance shall be deposited with the Trustee to the credit of the Improvement Fund. If a disbursement is made from a Reserve Facility, the County shall be obligated, in accordance with the provisions of the Trust Agreement, to either (i) reinstate such Reserve Facility, (ii) deposit monies in the Reserve Account, or (iii) undertake a combination of such alternatives. See "– Funds and Flow of Funds" below.

In the event the Reserve Account is at any time funded with more than one Reserve Facility, any required draw under such Reserve Facilities shall be made on a pro-rata basis; provided, however, that if at the time of such draw the Reserve Account is only partially funded with one or more Reserve Facilities, prior to drawing on such facilities, there shall first be applied any cash and securities on deposit in the Reserve Account and, if after such application a deficiency exists, the Trustee shall make up the deficiency by drawing on such facilities as provided in this paragraph. Amounts drawn or paid under a Reserve Facility shall be reimbursed to the provider in accordance with the terms and provisions of the reimbursement or other agreement governing such facility entered into between the County and such provider.



The Trust Agreement requires that any Reserve Facility must be with a provider rated on the date of deposit of such facility into the Reserve Account in one of the two highest rating categories (without regard to any gradations in such categories) of a nationally recognized rating agency (the "Threshold"). Upon the issuance of the Series 2016 Bonds, the Reserve Facilities remaining on deposit in the Reserve Account that are below the Threshold (the "Deficient Reserve Facilities") will be excluded from the calculation of the Reserve Account Requirement until such Deficient Reserve Facilities are upgraded to the Threshold. In the event such Deficient Reserve Facilities meet the Threshold, the County shall withdraw cash from the Reserve Account to the extent of any excess above the Reserve Account Requirement. Such excess shall be transferred by the Trustee to the credit of the Redemption Account or withdrawn by the Trustee and deposited with the Co-Trustee to the credit of the Improvement Fund as may be specified in a certificate signed by the Aviation Director and filed with the Trustee and the Co-Trustee in accordance with the Trust Agreement.

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Upon the issuance of the Series 2016 Bonds, the Reserve Account Requirement for all Bonds Outstanding is \$ \_\_\_\_\_. The actual amounts and the values of Reserve Facilities credited to the Reserve Account Requirement are set forth in the table below, together with cash and investments held in the Reserve Account in order to meet the Reserve Account Requirement:

**[UPDATE TABLE]**

**Reserve Account Surety Policies and Cash and Investments  
Held to Meet Reserve Account Requirement  
as of May 31, 2015**

<b>Provider</b>	<b>Expiration Date</b>	<b>Surety Amount</b>	<b>Value Credited to the Reserve Account Requirement</b>
Assured Guaranty Municipal Corp.	10/1/2036	\$15,126,564	\$ 15,126,564
Financial Guaranty Insurance Corporation <sup>(1)</sup>	10/1/2035	7,156,087	0
MBIA Insurance Corporation <sup>(1)</sup>	10/1/2024	6,763,108	0
Financial Guaranty Insurance Corporation <sup>(1)</sup>	10/1/2037	6,897,438	0
CIFG Assurance North America, Inc. <sup>(1)</sup>	10/1/2038	3,332,670	0
Syncora Guarantee, Inc. <sup>(1)</sup>	10/1/2040	8,278,287	0
Assured Guaranty Corp.	10/1/2038	6,802,095	6,802,095
Assured Guaranty Municipal Corp.	10/1/2041	8,836,139	8,836,139
Total Value Credited to the Reserve Account Requirement <sup>(1)</sup>			30,764,798
Cash and Market Value of Investments			173,413,055
<b>Total</b>			<b>\$204,177,853</b>

<sup>(1)</sup> The value of the Reserve Facilities provided by Financial Guaranty Insurance Corporation, MBIA Insurance Corporation, CIFG Assurance North America, Inc. and Syncora Guarantee, Inc. has been excluded from the total value of the Reserve Facilities credited to the Reserve Account Requirement due to such providers' credit ratings falling below the required Threshold. As a result, the aggregate value credited from Reserve Facilities as of the date of this Official Statement, is \$30,764,798.00, rather than the aggregate face amount of the Reserve Facilities of \$63,192,387.80. However, the County still expects to draw on these surety policies, if necessary.

Monies on deposit to the credit of the Reserve Account shall, as nearly as may be practicable, be invested and reinvested by the Trustee, at the direction of the County, in Authorized Investments which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than 15 years after the date of such investment.

**Issuance of Additional Bonds**

The County may issue aviation revenue bonds under Section 210 of the Trust Agreement, on a parity basis with Bonds Outstanding under the Trust Agreement, at any time or times for the purpose of, among other things, paying all or part of the cost of any additional Improvements or Projects or any portions thereof, including the payment of any notes or other obligations of the County or the repayment of any advances made from any source to temporarily finance such cost ("Additional Bonds"). Such Additional Bonds may not be issued unless, among other things:

(i) the proceeds (excluding accrued interest) of such Additional Bonds to be applied to the cost of the Improvements or Project or portions thereof to be financed in whole or in part by the issuance of such Additional Bonds, at the purchase price to be paid therefor, together with the other funds which have been or will be made available for such purpose as set forth in the certificate of the Aviation Director required by the Trust Agreement, shall be not less than the total cost of the Improvements or Project or portions thereof to be financed in whole or in part by the issuance of such Additional Bonds as estimated by the Consulting Engineers in the statement required by the Trust Agreement, and

(ii) either, (a) the percentage derived by dividing (1) the amount of Net Revenues (which may be adjusted as described in the Trust Agreement) for any period of 12 consecutive calendar months selected by the County out of the 18 calendar months immediately preceding the date of the certificate of the Aviation Director required by the Trust Agreement by (2) the largest amount of the Principal and Interest Requirements for any succeeding Fiscal Year on account of all Bonds previously issued under the Trust Agreement and then outstanding and the Additional Bonds then requested to be authenticated and delivered shall not be less than 120%, or (b) the percentage derived by dividing (1) the amount of annual Net Revenues in each of the five Fiscal Years immediately following the date of a statement of the Traffic Engineers estimating the annual Net Revenues for the applicable five Fiscal Years or, if interest on the Additional Bonds then requested to be authenticated and delivered is to be paid from proceeds of such Additional Bonds, in each of the five Fiscal Years immediately following the last date on which interest on such Additional Bonds is to be paid from proceeds of such Additional Bonds, by (2) the amount of Principal and Interest Requirements for each of such Fiscal Years, shall not be less than 120%, and

(iii) the amount to the credit of the Reserve Account in the Sinking Fund (including amounts available under any Reserve Facilities) shall be not less than the amount then required to be on deposit to the credit of the Reserve Account under the Trust Agreement.

The County may issue Additional Bonds under the Trust Agreement for completion of a Project being financed by a Series of Bonds without satisfying the above described financial test if proceeds of such Series of Bonds issued for such Project are insufficient to complete such Project. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Issuance of Additional Bonds" for a more complete discussion of the issuance of Additional Bonds.

#### **Issuance of Refunding Bonds**

The County may issue aviation revenue bonds under Section 211 of the Trust Agreement payable on a parity basis with Bonds Outstanding under the Trust Agreement to refund all or a portion of the Bonds of any Series Outstanding under the Trust Agreement or certain other obligations (the "Refunding Bonds"). Conditions for the issuance of Refunding Bonds include, among others, a requirement that either: (1) the total Principal and Interest Requirements for the Refunding Bonds during their term is less than the total Principal and Interest Requirements for the bonds to be refunded during their term; (2) the percentage derived by dividing (a) the Net Revenues for the relevant Computation Period by (b) the maximum amount of Principal and Interest Requirements for any succeeding Fiscal Year on account of all aviation revenue bonds theretofore issued under the provisions of the Trust Agreement and then Outstanding (other than refunded bonds) and the proposed Refunding Bonds, as set forth in a certificate of the Aviation Director, approved by the Traffic Engineers as to (a) above to the extent of any adjustment to Net Revenues and approved by the Trustee as to item (b) above, shall not be less than 120%; or (3) the percentages derived by dividing (a) the estimated amount of annual Net Revenues in each of the five Fiscal Years immediately following delivery of the Refunding Bonds (such Net Revenues to be determined from the Revenues and Current Expenses as estimated by the Traffic Engineers in a statement signed by the Traffic Engineers) by (b) the amount of the Principal and Interest Requirements for each of such five Fiscal Years on account of all aviation revenue bonds theretofore issued under the provisions of the Trust Agreement and then Outstanding (other than the refunded bonds) and the proposed Refunding Bonds, as set forth in a certificate of the Aviation Director, shall not, in each such year, be less than 120%. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Issuance of Refunding Bonds" for a more complete discussion of the requirements for the issuance of Refunding Bonds.

The Series 2016 Bonds are being issued as Refunding Bonds under the Trust Agreement.

#### **Funds and Flow of Funds**

The Trust Agreement provides for the following funds and accounts:

- (i) Construction Fund;
- (ii) Revenue Fund;

- (iii) Sinking Fund, including Bond Service Account, Reserve Account and Redemption Account;
- (iv) Reserve Maintenance Fund; and
- (v) Improvement Fund.

The amounts held in such Funds and Accounts are pledged to secure the holders of the Bonds.

The Trust Agreement provides for all Revenues to be collected by the County and deposited with the Co-Trustee to the credit of the Revenue Fund and to be held, invested and disbursed in accordance with the Trust Agreement.

Monies in the Revenue Fund are to be applied first to the payment of Current Expenses as the same become due and payable in accordance with the Annual Budget for each Fiscal Year, subject to covenants of the County in the Trust Agreement that such expenditures are incurred in maintaining, repairing and operating Port Authority Properties.

After paying such Current Expenses each month and after reserving in the Revenue Fund an amount not to exceed 20% of the Current Expenses for the current Fiscal Year as shown in the Annual Budget (it being noted that the County complies with the provision by currently budgeting 16% of its budgeted Current Expenses as an Operating Reserve), the Co-Trustee shall, on the 20<sup>th</sup> day of each month, cause the balance of monies in the Revenue Fund to be remitted to the Trustee and/or deposited to the credit of the following Accounts or Funds in the following order:

(i) to the credit of the Bond Service Account in the Sinking Fund held by the Trustee, an amount equal to 1/6<sup>th</sup> of the amount of the next interest payment on all Bonds Outstanding and (beginning with the twelfth month preceding the first maturity of any serial bond of a Series) an amount equal to 1/12<sup>th</sup> of the next maturing installment of principal of such serial bonds;

(ii) to the credit of the Redemption Account in the Sinking Fund held by the Trustee, an amount equal to 1/12<sup>th</sup> of the Amortization Requirement, if any, for such Fiscal Year for any term bonds then Outstanding, plus an amount equal to 1/12<sup>th</sup> of the premium, if any, which would be payable on the redemption date with respect to such Amortization Requirement if such principal amount of bonds should be redeemed on such date from monies in the Sinking Fund;

(iii) to the credit of the Reserve Account in the Sinking Fund held by the Trustee, an amount equal to 1/60<sup>th</sup> of the Reserve Account Requirement until the Reserve Account Requirement (including amounts available under any Reserve Facilities) is met;

(iv) to the credit of the Reserve Maintenance Fund held by the Co-Trustee, the amount required during such Fiscal Year to equal the recommendation of Consulting Engineers in the report following inspection of the Port Authority Properties or such greater amount as directed by the Aviation Director, or by amendment to the Annual Budget, to pay for all or part of the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, the cost of replacing equipment and premiums on insurance required under the Trust Agreement; and

(v) to the credit of the Improvement Fund held by the Co-Trustee, the balance, if any, of monies in the Revenue Fund after the aforementioned required deposits to the Bond Service Account, the Redemption Account, the Reserve Account and the Reserve Maintenance Fund, unless the County by resolution directs the Trustee to deposit all or part of such balance from the Revenue Fund to the credit of the Redemption Account.

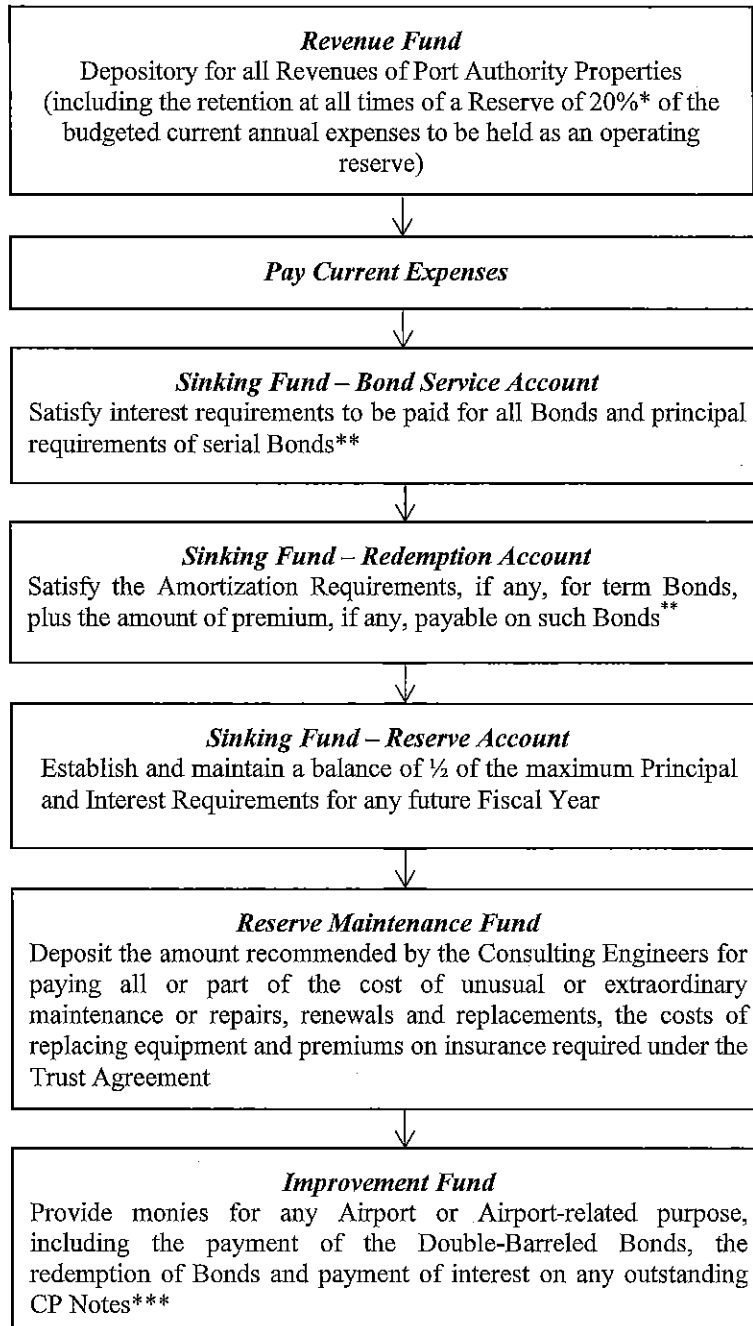
If the amount so deposited in any month to the credit of any Account mentioned in clauses (i), (ii), and (iii) above shall be less than the required amount, the requirement therefor shall nevertheless be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited to the credit

of any such Fund or Account in each month thereafter until such time as such deficiency shall be made up. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

## MONTHLY APPLICATION OF REVENUES UNDER THE TRUST AGREEMENT

### PORT AUTHORITY PROPERTIES

The chart below summarizes the application of Revenues under the Trust Agreement.



Note: \*The Trust Agreement authorizes the Board to designate a lesser percentage by resolution. Currently, the Board budgets 16% of the budgeted current expenses as an operating reserve.

- \*\* Requirements payable from Revenues may be reduced to the extent such requirements are satisfied from other sources outside the Trust Agreement (*e.g.*, PFCs) set aside and deposited into the Bond Service Account or Redemption Account for such purpose.
- \*\*\* Certain monies are transferred annually from the Improvement Fund to the Revenue Fund pursuant to the terms of the AUAs. Such transferred deposits to the Revenue Fund are treated as Revenues under the Trust Agreement.

## AMERICAN AIRLINES

### [UPDATE AS NECESSARY]

When AMR Corporation, the parent of American Airlines, and US Airways Group Inc. merged on December 9, 2013, the companies formed the holding company American Airlines Group Inc. ("AAG"). The combined air carriers along with their regional jet carriers, American Eagle and US Airways Express, serve 330 destinations in more than 54 countries and territories with nearly 6,700 average daily flights. American Airlines is the predominant carrier at the Airport having served MIA as a hub carrier for 25 years. Including the operation of its affiliate, American Eagle, American Airlines accounted for approximately 67.5% and 65.6% of the enplaned passengers at the Airport and approximately 37.6% and 36.2% of Revenues during the 12-month periods ended March 31, 2014 and March 31, 2015, respectively.

The following information regarding American Airlines' financial results of operations has been derived from AAG's filings with the SEC, including its filing on Form 10-K of the audited financial results of AAG for the full year ended December 31, 2014, and on Form 10-Q of the unaudited financial results of AAG for the first quarter ended March 31, 2015. See "CONTINUING DISCLOSURE – Airline Disclosure." The audited financial statements of AAG reported on Form 10-K and the unaudited financial statements of AAG reported on Form 10-Q present financial results of the newly-merged airline on a combined basis and reflect certain reclassifications of historical financial results for periods prior to fourth quarter 2013 to conform to the new AAG financial statement presentation.

For the year ended December 31, 2014, AAG reported a combined operating net profit of \$4.2 billion on a non-GAAP basis excluding net special charges, versus an operating net profit of \$1.9 billion reported for the year ended December 31, 2013. (Reported GAAP results exclude US Airways financial results. AAG's management believes the non-GAAP results provide a more meaningful comparison.) For the first quarter ended March 31, 2015, AAG reported a record operating net profit of \$1.2 billion, which compares to \$402 million for the first quarter in 2014. In addition, as of March 31, 2015, AAG had approximately \$9.9 billion in total cash and short-term investments, of which \$754 million was restricted. See information regarding inspection of SEC Reports related to AAG and certain airlines under the section entitled "CERTAIN INVESTMENT CONSIDERATIONS – Airline Economic Considerations – Additional Information on Airlines."

### AMR-US Airways Merger

The two airlines have continued to operate somewhat independently as AAG worked toward obtaining a Single Operating Certificate from the Federal Aviation Administration, which was received on April 8, 2015. However, the carriers will continue to operate under two names until both airlines' reservation systems are combined into a single system, which is expected to occur by the end of 2015. Meanwhile, the company has begun to combine airport facilities (US Airways Group moved to North Terminal at MIA in the beginning of 2014) and to blend benefits for its passengers (e.g., offering reciprocal benefits and elite recognition for its club members and consolidating its loyalty programs planned for the second quarter of 2015). Accomplishments achieved by the end of 2014 included integrating the cargo division under a single carrier and reaching labor agreements with the flight attendants union and both pilots' unions (AA and Envoy Air). In addition, US Airways joined the Oneworld Alliance on April 1, 2014.

American is condensing its peak periods, or "rebanking", its major hubs as one of its major flight operation changes. In August 2014, the carrier "rebanked" at MIA by timing flights to arrive more closely together. In addition, AAG significantly reduced its Envoy Air portion of the American Eagle operations at MIA in December 2014 and replaced these operations with bigger planes provided by Republic Airlines, which also flies under the American Airlines brand at MIA.

## CERTAIN INVESTMENT CONSIDERATIONS

### [UPDATE AS NECESSARY]

Payment of the Series 2016 Bonds is dependent on the collection of Net Revenues adequate to pay debt service on the Series 2016 Bonds and all other Outstanding Bonds. Net Revenues consist of all Revenues of the Port Authority Properties in excess of Current Expenses, all as defined in the Trust Agreement. Accordingly, such payment depends primarily on the generation of Revenues by the Airport and other Port Authority Properties adequate to pay all Current Expenses of such properties plus the debt service on Outstanding Bonds. The generation and collection of such revenues is influenced by a wide range of factors affecting operations at the Airport, including the condition of the air transportation industry, security requirements affecting both the Airport and airlines, and local, national and international economic conditions. Certain of these factors are discussed below.

#### Factors Affecting Air Transportation Industry

The generation of Net Revenues is heavily dependent on the volume of the commercial flights, the number of passengers, and the amount of cargo processed at the Airport, all three of which are dependent upon a wide range of factors including: (1) local, national and international economic conditions, including international trade volume, (2) regulation of the airline industry, (3) passenger reaction to disruptions and delays arising from security concerns, (4) airline operating and capital expenses, including security, labor and fuel costs, (5) environmental regulations, (6) the capacity of the national air traffic control system, (7) currency values and (8) world-wide infectious diseases (e.g., Zika). The airline industry has faced and continues to face severe economic challenges, reflecting both increased costs and overall economic conditions. Results have included major airline financial losses and in some cases, bankruptcy. See “AMERICAN AIRLINES — AMR-US Airways Merger” and “CERTAIN INVESTMENT CONSIDERATIONS — Airline Economic Considerations—*Airline Bankruptcies*.” Increased costs and other factors arising from the September 11, 2001 terrorist attacks and related regulatory reaction are discussed separately below in “Security Requirements.” Particular factors are discussed below.

#### American Airlines

American Airlines is the dominant carrier at the Airport. See “AMERICAN AIRLINES.”

#### Airline Economic Considerations

The financial strength and stability of airlines serving the Airport will affect future airline traffic. For the last five years, the U.S. airline industry has been moderately profitable, following 10 years of stagnation during which carriers accumulated combined losses of \$50 billion. To mitigate such losses, U.S. carriers have merged, reduced their route networks and flight schedules, and negotiated with employees, lessors, and vendors to cut costs. These mitigation tactics have often occurred within the context of the carriers’ Chapter 11 federal bankruptcy proceedings. The 2014 financial results of the U.S. airline industry reflect the improving finances of 10 publicly traded U.S. airlines (Alaska Airlines, Allegiant Air, American Airlines (including US Airways), Delta Air Lines, Hawaiian Airlines, JetBlue Airways, Southwest Airlines, Spirit Airlines, United Airlines and Virgin America.) They collectively reported a Generally Accepted Accounting Principles (GAAP) net profit of \$7.3 billion.

These measures have contributed to the recent return to industry profitability. In the last seven years, the mega-mergers have consisted of Delta and Northwest in 2008, Southwest and AirTran in 2010 and United and Continental in 2010. The most recent merger is that between American Airlines and US Airways in December 2013. See “AMERICAN AIRLINES — AMR-US Airways Merger” above. Although domestic capacity has decreased, U.S. air carriers have increased their overall international capacity as measured by available seat miles.

In addition to consolidation by U.S. carriers, some Latin American carriers have also merged, including Avianca (Colombia) and TACA (Central America) in 2009 and LAN (Chile) and TAM (Brazil) in 2010. These four carriers, taken together, represented 7.75% of all enplaned passengers at the Airport in Calendar Year 2014.



Largely as a result of these consolidations, U.S. air carriers' overall domestic capacity, as measured by available seat miles, declined 11.1% from 2007 to 2009; however, as of 2014 most of this capacity decrease was reversed such that domestic capacity in 2014 was only 0.6% below 2007 as measured by available seat miles. In contrast, international capacity for U.S. air carriers has increased 5.4% between 2007 and 2014 as measured by available seat miles.

The volatility in jet fuel prices, which track just above crude oil prices, has significantly affected airlines' operating costs over the last eight years. The price of jet fuel peaked in the second quarter of 2008 to just below \$180.00 per barrel, as contrasted with the average 2014 price of \$116.60 per barrel as reported by IATA in December 2014. As of March 30, 2015, IATA reported the average price for 2015 (to date) as \$71.00 per barrel. Prior to the recent decrease in jet fuel prices, the US airline industry was able to offset the significant fuel cost increases through increased load factors, route reductions, delays in new aircraft deliveries, and consolidation.

Fuel costs are expected to remain volatile and may increase long term, and sustained future increases in passenger traffic will depend on stable international conditions as well as national and global economic growth. Any resumption of financial losses could force airlines to further retrench, seek bankruptcy protection, discontinue marginal operations, or liquidate. The restructuring, merging, or liquidation of one or more of the large network airlines could drastically affect air service at many connecting hub airports, offer business opportunities for the remaining airlines, and change air travel patterns throughout the U.S. and the world aviation system.

#### *Airline Bankruptcies*

Airlines using the Airport may file for protection under U.S. or foreign bankruptcy laws, and any such airline (or a trustee on its behalf) would usually have the right to seek rejection of any executory airport lease or contract within certain specified time periods after the filing, unless extended by the bankruptcy court. In addition, during the pendency of a bankruptcy proceeding, a debtor airline using the Airport typically may not, absent a court order, make any payments to the Aviation Department on account of services provided to the airline prior to the bankruptcy filing date or the airline's use of airport facilities prior to the bankruptcy filing date (such services or use being referred to as "pre-petition" items). Thus, the Aviation Department's stream of payments from a debtor airline may be interrupted to the extent such payments are for pre-petition items, including any accrued rent, Landing Fees, aviation fees, and PFCs.

An airline in bankruptcy that plans to continue operating at MIA will not typically reject its terminal leases (the TBLAs) or the Airline Use Agreement or the Restated Airline Use Agreement (collectively, the AUAs) because there is no economic advantage in doing so. A bankrupt company usually rejects executory leases and contracts to avoid long-term commitments in the documents, unusual contract terms, or high fixed fees. However, all TBLAs (i) are on a month to month basis, (ii) have standard terms, and (iii) are based on standardized fees applicable to all airlines. In turn, the AUAs (x) set forth the conditions under which an airline can operate at the Airport and have the same terms for all airlines, (y) contain a highly advantageous credit program that permits airlines to pay landing and other fees on a monthly basis rather than on a daily basis each time an aircraft lands at the airport, and (z) impose a 50% administrative charge on landing and aviation fees for airlines not participating in the credit program. For all these reasons, an airline in bankruptcy that plans to continue operations at the Airport at the same level of activity would have little economic incentive to reject either its TBLAs or its AUAs. Moreover, the County has the statutory and regulatory right to impose such fees on the airline regardless of any contractual arrangement with the airline, so the airline must always pay the rentals and landing and aviation fees for actual use of the Airport regardless of whether or not it has rejected the TBLAs or AUAs. There can be no assurance, however, that an airline in bankruptcy will not seek to avoid its contractual obligations under its TBLA or the AUAs, but, as noted above, there is little economic incentive to do so, and under the AUAs there is an economic disincentive because of the 50% additional charge an airline would have to pay on its landing and aviation fees. See "SECURITY FOR THE SERIES 2016 BONDS – Airline Use Agreement" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AGREEMENT."

For a description of the possible effects of airline bankruptcies on PFC collections see below "PFC Collections – Possible Bankruptcy Effects."

### *International Traffic*

International traffic constitutes almost 50% of the Airport's passenger traffic. From calendar year-end 2008 through calendar year-end 2014, MIA's international passenger traffic has increased the second fastest among the top ten U.S. gateway airports, with MIA at 24.5% and New York JFK International Airport at 25%. In 2014, the Airport continued to be the second largest U.S. airport in terms of total international passengers, ahead of Los Angeles International Airport and behind New York JFK International Airport. See "AIRPORT TRAFFIC ACTIVITY" and "AVIATION DEPARTMENT FINANCIAL INFORMATION – Historical Financial Results."

### *Additional Information on Airlines*

Certain of the Signatory Airlines under the AUA and other airlines operating at the Airport (or their respective parent corporations) file reports and other information with the Securities and Exchange Commission (SEC). These filings are collectively referred to as the "SEC Reports." Certain information, including financial information, as of particular dates, concerning each such airline (or their respective parent corporations) is included in the SEC Reports. These SEC Reports can be found on the SEC website, <http://www.sec.gov/search/search.htm>.

In addition, each Signatory Airline and certain other airlines are required to file periodic reports of financial and operating statistics with the United States Department of Transportation ("U.S. DOT"). Such reports can be inspected at the following location: Research and Innovative Technology Administration, U.S. Department of Transportation, 1200 New Jersey Avenue, SE, Washington, DC 20590 or at <http://www.rita.dot.gov/contacts/> and copies of such reports can be obtained from the Department of Transportation at prescribed rates. The foreign airlines also provide certain information concerning their operations and financial affairs, which may be obtained from the respective airlines.

### **The Federal Budget and Sequestration**

Another factor that has affected the industry in the last few years is the federal budget reductions enacted through implementation of the sequestration provisions of the Budget Control Act of 2011 (Pub. L. 112-25) (the "Budget Control Act"), which was signed into law by the President on August 2, 2011. As a result of the failure of the Joint Select Committee on Deficit Reduction to reach an agreement on the deficit reduction actions required by the Budget Control Act, sequestration - a unique budgetary feature of the Budget Control Act - was triggered. On January 2, 2013, President Obama signed into law H.R. 8, the American Taxpayer Relief Act of 2012, which delayed the initiation of the sequestration process from January 2, 2013 to March 1, 2013. On March 26, 2013, the President signed the Consolidated and Further Continuing Appropriations Act of 2013, providing funds for operation of the federal government through September 30, 2013, and off-setting some of the sequestration-mandated reductions for Fiscal Year 2013. The Fiscal Year 2014 limit was revised by the American Taxpayer Relief Act of 2012 (ATRA) and the 2014 and 2015 limits were further revised by the Bipartisan Budget Act of 2013 (BBA). Except for the brief government shutdown in October 2013, there have been no other government shutdowns due to sequestration.

Sequestration could adversely affect the Federal Aviation Administration ("FAA") and the Department of Homeland Security ("DHS") with budget reductions. As part of sequestration, Customs and Border Patrol Agency ("CBP") reduced staffing overtime, which resulted in significant increases in international arriving passenger processing times (up to 3-4 hours) at a number of U.S. gateway airports, including MIA. In reaction to this reduction, U.S. gateway airports, including MIA, implemented a number of solutions that lessened the wait times for international passengers, including directly paying for CBP overtime and installing kiosks that assist with processing passengers through customs. During Fiscal Year 2014, the Aviation Department entered into an agreement with CBP under the provisions Section 560 of Division D of the Consolidated and Further Continuing Appropriations Act of 2013, in which the Commissioner of the CBP was authorized to enter into agreements with requesting parties such as airports to provide CBP services on a reimbursable basis. Under this agreement, the Aviation Department paid CBP approximately \$862,000 in Fiscal Year 2014 and has budgeted \$1.7 million to pay CBP for Fiscal Year 2015. MIA has installed kiosks in the North Terminal and South Terminal customs area and has plans to install significantly more kiosks in both customs area over the next few years to reduce the need for CBP staffing.

The full impact of sequestration on the aviation industry and the Airport, generally, resulting from potential layoffs of federal employees responsible for federal airport security screening, air traffic control and CBP, is unknown at this time. Additionally, the effect of future federal government shutdowns is unknown. During the shutdown in October 2013, CBP and Transportation Security Administration ("TSA") field staff levels were not significantly affected. There is no assurance that this will be the case in any future federal government shutdowns.

## **PFC Collections**

### *General*

Pursuant to federal authorization, the Airport collects passenger facility (or passenger facilities) charges ("PFCs") on each qualifying enplaned passenger. The Airport currently collects a PFC of \$4.50 per enplaned passenger, subject to certain exceptions. The applicable airline collects the PFCs and remits them monthly to the Airport net of a \$0.11 per PFC administrative charge.

PFCs constitute a substantial portion of revenues collected by the Aviation Department, providing \$69.2 million and \$82.2 million for the fiscal years ended September 30, 2014 and 2015, respectively. Collections for the six month period ending on March 31, 2016 were \$39.5 million. Such collections are subject to federal regulation and control, and their volume is affected by the economic and other conditions affecting passenger volume at the Airport. See "FUNDING SOURCES FOR CAPITAL PROJECTS – Passenger Facility Charges."

### *Use of PFCs; Rate Covenant*

PFCs provide a portion of the funding for the CIP, including terminal construction. Also, while PFCs do not constitute Revenues under the Trust Agreement and are therefore not pledged to the payment of the Bonds, the Aviation Department anticipates continuing its practice of depositing PFC revenues into the Sinking Fund's Bond Service Account and Redemption Account each year to reduce the Principal and Interest Requirements on the Bonds. Such deposits effectively reduce the amount of Revenues that must be collected to comply with the rate covenant under the Trust Agreement. Failure to make such deposits as aforesaid may result in an increase in the airlines' costs per enplaned passenger. The Report of the Traffic Engineers, attached as APPENDIX A, makes certain assumptions regarding the collection and use of PFCs as set forth therein. See "SECURITY FOR THE SERIES 2016 BONDS – Rate Covenant" and "FUNDING SOURCES FOR CAPITAL PROJECTS – Passenger Facility Charges."

### *Possible Bankruptcy Effects*

Applicable federal legislation and regulations provide that PFCs collected and held by an airline constitute a trust fund for the benefit of the applicable airport and create additional protections intended to ensure the regular transfer of PFCs to airports in the event of an airline bankruptcy. There can be no assurance, however, that during the bankruptcy of any airline, payment to the Airport of PFCs will not be delayed or blocked.

## **Federal Legislation**

Federal legislation affects the grant funding that the Airport receives from the FAA, the Airport's PFC collections, and the operational requirements imposed on the Airport. The FAA Modernization and Reform Act of 2012 (the "FAA Act") was signed into law on February 14, 2012 as the permanent legislative solution to the temporary short-term extensions that had been enacted as a funding stop-gap over the previous five years. This \$63.6 billion reauthorization, which runs through September 30, 2015, provides \$13.4 billion in funding for airport improvement projects, provides \$10.9 billion in funding for the "Next Gen GPS" system, which will modernize the air traffic control system, and accelerates the integration of drones into the domestic airspace.

The FAA Act continues the federal cap on PFCs at \$4.50 and authorizes \$3.35 billion per year for the Airport Improvement Program ("AIP") through Fiscal Year 2015, which is \$150 million per year less than the funding level for the previous five years. As part of this legislation, a study was commissioned and funded for the U.S. General Accountability Office (the "GAO") to study alternative means of collecting PFCs. Currently, PFCs are

collected by the air carriers as part of the ticket price and remitted to the airports. As required, the GAO study was submitted to Congress not later than one year after enactment of the FAA Act, in February 2013. The study recommended not changing the current PFC collection process, but recognized that at some point in the future, due to advancements in technology, it may be beneficial to change the PFC collection process.

As part of the United States federal budget process, the appropriation amount for the FAA's Fiscal Year budget is approved on an annual basis. For Fiscal Year 2015, the Continuing Appropriations Resolution, 2015, was signed into law on September 19, 2014, which provided continuing Fiscal Year 2015 appropriations to federal agencies at the Fiscal Year 2014 annual amount until December 11, 2014. The remainder of Fiscal Year 2015 appropriations was signed into law under the Consolidated and Further Continuing Appropriations Act, 2015, on December 19, 2014. However, the funding appropriation for the Department of Homeland Security (DHS) was frozen at the Fiscal Year 2014 level through February 27, 2015. After one short-term continuing resolution to keep DHS operating was used by Congress, the \$39.7 billion appropriation for the entire Fiscal Year 2015 was signed into law on March 4, 2015.

## **Airport Security Requirements**

### *General*

Legislative and regulatory requirements since 2001 have imposed substantial costs on the Airport and its airlines relating to security, some of which are discussed below. Federal legislation created the TSA, an agency within DHS. Mandates of federal legislation, TSA and DHS have imposed extensive new requirements related to, among other things, screening of baggage and cargo (including explosive detection), screening of passengers, employees and vehicles, and airport buildings and structures.

The Federal Aviation and Transportation Security Act ("ATSA") makes airport security the responsibility of the TSA. The Homeland Security Act of 2002 (the "HSA") and subsequent directives issued by DHS have mandated, among other things, stronger cockpit doors on commercial aircraft, an increased presence of armed federal marshals on commercial flights, establishment of 100% checked baggage screening, and replacement of all passenger and baggage screeners with federal employees who must undergo criminal history background checks and be U.S. citizens.

ATSA also mandates additional airport security measures, including: (1) screening or inspection of all individuals, goods, property, vehicles and equipment before entry into secured and sterile areas of the airport, (2) security awareness programs for airport employees, (3) screening all checked baggage for explosives with explosives detection systems ("EDS") or other means or technology approved by the Undersecretary of the United States Department of Transportation, (4) deployment of sufficient EDS for all checked baggage, and (5) operation of a system to screen, inspect or otherwise ensure the security of all cargo to be transported in all-cargo aircraft. Due to a lack of TSA funding, airports have borne some or all of the cost of design, construction, and installation of automated in-line baggage screening systems and passenger screening checkpoints to meet the specifications that the TSA screening process requires for operation at full design capacity.

EDS equipment purchased by the federal government has been installed at the Airport. In some cases, installation of EDS equipment necessitated structural modifications to the Terminal Building. Substantially all of the costs of those modifications and the installation were borne by TSA during the initial deployment. The in-line EDS has been installed and is operational in the South Terminal and the North Terminal at an approximate cost of \$98.8 million, of which TSA funded \$74.2 million. TSA has committed \$101 million for an in-line EDS system in Central Terminal and for enhancements to the in-line EDS in the South Terminal. TSA also has issued additional unfunded mandates through TSA security directives including: (1) transmittal to TSA of personal information on all employees holding, applying for or renewing an airport-issued identification badge for the performance of Security Threat Assessment ("STA") and retrieval of STA results prior to issuing badges and other forms of identification, (2) performance of inspections of all vendors and vendor products entering the sterile concourse areas of the airport, (3) reduction in the number of airport employees authorized to escort visitors in the secured areas, (4) annual audits of all airport-issued identification media, (5) the implementation of a substantive training program for all persons designated as an authorized signatory in the Airport's identification media system, and (6) recording and retention of personal identification media used to obtain an airport-issued identification badge.

Airport security programs have also been affected by an additional requirement for the Airport to control access at the TSA passenger screening checkpoint exit lanes during TSA non-operational hours and on a 24 hours/7 days basis for exit lanes that are not co-located to the passenger screening checkpoints. This function was previously performed by TSA personnel. Additionally, any elevation of the national threat advisory level would impose significant additional law enforcement and overtime costs on the Aviation Department.

### *Cargo Security*

Both federal legislation and TSA rules have imposed additional requirements relating to air cargo. These include providing information for a central database on shippers, extending the areas of the Airport subject to security controls, and criminal background checks on additional employees, which inhibits the ability of operators to hire temporary workers during peak periods.

TSA also requires carriers to screen 100% of all loaded cargo on passenger and all-cargo aircraft. TSA has developed a Certified Cargo Screening Program ("CCSP") for a "supply chain-wide solution" to cargo security that will certify shippers to screen cargo earlier in the chain. The Airport currently is actively participating in the CCSP program.

TSA also has initiated an explosive detection canine program at the Airport dedicated to cargo screening. Currently the Airport has one of the largest TSA Canine Units in the country. The Airport has successfully met the new cargo screening requirements without significant adverse impact. A Cargo Security Consortium for the Airport involving the relevant agencies and business partners meets quarterly to discuss issues, and TSA, both nationally and locally, has been working with airports and carriers to develop security options that meet the regulatory mandates while minimizing the adverse effect on air cargo operations.

### *Costs*

The Aviation Department has included in its current budget funds for a substantial amount of the costs imposed by the requirements described above. The Fiscal Year 2015 operating budget includes approximately \$15.1 million for security costs. To date, the Airport has been able to meet the additional financial burdens imposed by new security requirements, but the Aviation Department anticipates additional unfunded security directives that may impose substantial costs. Such requirements may include biometric credentialing in employee screening and access control.

### **Airport Competition**

The Airport competes with other airports for domestic and international passengers. Fort Lauderdale-Hollywood International Airport ("FLL") is the closest competing airport, and MIA's biggest competitor for domestic origin-destination ("O&D") passengers, i.e., those passengers that begin or end their trips at the airport rather than connecting through the airport en route to their destination. FLL also has substantially more low-cost carrier service than MIA. Low-cost carriers accounted for 66% (4.6 million) of all domestic scheduled departing seats at FLL for the first half of Fiscal Year 2016 (up from 30% in 2000), while low-cost carriers accounted for just 3% (191,000) of all domestic scheduled departing seats at MIA for the same time period (the same share as in 2000). In the Fiscal Years 2006 through 2015 (the most recent full Fiscal Year for which DOT O&D Survey data are available), FLL averaged over 4.0 million more domestic O&D passengers per year than MIA. Average domestic airfares at MIA tend to be 20-30% higher than those at FLL, for trips of similar distance, due largely to the higher number of premium-fare passengers at MIA and the greater concentration of low-cost carrier service at FLL. In Fiscal Year 2015, average domestic airfares decreased 2.0% year-over-year at MIA and 5.8% at FLL. However, DOT airfare data increasingly understate the true cost of air travel, as they do not include ancillary charges (e.g., checked baggage fees), which have been increasingly implemented throughout the industry since 2008. Between Fiscal Years 2005 and 2015, the number of domestic departing seats increased 13% at MIA and decreased 5% at FLL, corresponding with MIA's market share increase in domestic O&D passengers, from 32.5% of the South Florida region in Fiscal Year 2005 to 36.8% in Fiscal Year 2015.

For passengers traveling between other parts of the United States and international destinations in the Caribbean and Latin America, there are an increasing number of alternative routings, both nonstop flights and connecting services, via other U.S. and Latin American gateway airports.

### Environmental Liabilities

For a discussion of the environmental liabilities of the Aviation Department, see “LITIGATION – Aviation Environmental Matters.”

### Airport Insurance

The Aviation Department maintains insurance in accordance with industry standards, but the operations of the Airport create risks of significant losses that may not be fully covered by insurance (see “AIRPORT SYSTEM FACILITIES – Airport Insurance”).

### Local Construction Market Conditions

Demand for construction services in the South Florida market is very high at this time. A large construction project for a local, publicly-owned convention facility recently put out for bid only attracted one response, even after the project was rebid a second time because of a lack of competing bids on the first attempt. The lack of capacity in the local construction industry may negatively impact the projected cost of and schedule for constructing the Terminal Optimization Program Phase I Projects.

## AVIATION-RELATED DEBT

[UPDATE AS NECESSARY]

### Outstanding Bonds Under The Trust Agreement

Upon the issuance of the Series 2016 Bonds, the total aggregate principal amount of Outstanding Bonds under the Trust Agreement will be as set forth below. See also below “Double-Barreled Aviation Bonds.”

Outstanding Bonds	Dated Date of Issue	Principal Amount Issued	Principal Amount Outstanding
Series 2002A Bonds	December 19, 2002	\$ 600,000,000	\$ 15,000
Series 2003E Bonds <sup>(1) (2)</sup>	May 28, 2003	139,705,000	96,800,000
Series 2007A Bonds	May 31, 2007	551,080,000	551,080,000
Series 2007B Bonds	May 31, 2007	48,920,000	35,565,000
Series 2007C Bonds <sup>(1)</sup>	December 20, 2007	367,700,000	256,830,000
Series 2008A Bonds	June 26, 2008	433,565,000	433,565,000
Series 2008B Bonds	June 26, 2008	166,435,000	166,435,000
Series 2009A Bonds	May 7, 2009	388,440,000	385,940,000
Series 2009B Bonds	May 7, 2009	211,560,000	209,060,000
Series 2010A Bonds	January 28, 2010	600,000,000	596,000,000
Series 2010B Bonds	August 5, 2010	503,020,000	490,865,000
Series 2012A Bonds <sup>(1)</sup>	December 11, 2012	669,670,000	592,335,000
Series 2012B Bonds <sup>(1)</sup>	December 11, 2012	106,845,000	94,315,000
Series 2014 Bonds <sup>(1)</sup>	March 28, 2014	328,130,000	321,075,000
Series 2014A Bonds <sup>(1)</sup>	December 17, 2014	598,915,000	595,325,000
Series 2014B Bonds <sup>(1)</sup>	December 17, 2014	162,225,000	161,070,000
Series 2015A Bonds <sup>(1)</sup>	July 8, 2015	498,340,000	498,340,000
Series 2015B Bonds <sup>(1)</sup>	July 8, 2015	38,500,000	38,500,000
<b>TOTAL</b>		<b>\$6,413,050,000</b>	<b>\$5,523,115,000</b>

(1) Denotes Refunding Bonds issues.

(2) On March 17, 2008, the County converted its Series 2003E auction rate securities to fixed rate bonds. The County currently has no Outstanding Bonds that are variable rate debt.

### Debt Service Schedule

The following table shows the annual Principal and Interest Requirements on all Outstanding Bonds, including the Series 2016 Bonds (but excluding Double-Barreled Aviation Bonds), as of the date of delivery of the Series 2016 Bonds for the Fiscal Years ending September 30, 2015 through the final maturity of the Outstanding Bonds.

**MIAMI-DADE COUNTY AVIATION REVENUE BONDS  
(OUTSTANDING BONDS UNDER THE TRUST AGREEMENT)  
PRINCIPAL AND INTEREST REQUIREMENTS<sup>(1)</sup>**

<b>Fiscal Year Ending Sept. 30</b>	<b>Principal and Interest on Outstanding Bonds<sup>(2)(3)</sup></b>	<b>Principal on Series 2016 Bonds</b>	<b>Interest on Series 2016 Bonds</b>	<b>Total Principal and Interest on Series 2016 Bonds</b>	<b>Total Aggregate Principal and Interest</b>
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TOTALS<sup>(2)</sup>

(1) With respect to each Fiscal Year, excludes payments due on October 1 of such Fiscal Year and includes payments due on October 1 of the following Fiscal Year.

(2) Numbers may not add due to rounding.

(3) The Fiscal Year 2015 principal and interest calculation on Outstanding Bonds excludes \$ \_\_\_\_\_ of debt service paid in conjunction with the refunding of the Refunded Bonds.

### **Double-Barreled Aviation Bonds**

On March 4, 2010, the County issued its Double-Barreled Aviation Bonds (General Obligation), Series 2010 (the "Double-Barreled Aviation Bonds"), in the aggregate principal amount of \$239,775,000, and currently outstanding in the amount of \$223,205,000. Debt service on the Double-Barreled Aviation Bonds are secured by a pledge of both (1) Net Available Airport Revenues (as such term is defined below), a lien that is subordinate to the lien securing the Bonds, and (2) ad valorem taxes levied on all taxable property in the County. "Net Available Airport Revenues" is defined to mean any unencumbered funds held for the credit of the Improvement Fund created under the Trust Agreement after the payment of all obligations of the County pertaining to the County airports which are payable pursuant to, and subject to the restrictions of (i) the Trust Agreement, (ii) any Airline Use Agreement then in effect or (iii) any other indenture, trust agreement or contract. To date, it has not been necessary for the County to apply any ad valorem tax revenues to pay debt service on the Double-Barreled Aviation Bonds.

The following table shows the annual principal and interest requirements on the Double-Barreled Aviation Bonds for the Fiscal Years ending September 30, 2015 through their final maturity. The table does not include debt service on other Airport-related debt.

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**DOUBLE-BARRELED AVIATION BONDS  
PRINCIPAL AND INTEREST REQUIREMENTS**

[UPDATE TABLE]

Fiscal Year Ending September 30,	Principal and Interest On Double-Barreled Aviation Bonds
2015	\$ 15,431,277
2016	15,430,477
2017	15,432,087
2018	15,432,337
2019	15,430,837
2020	15,433,512
2021	15,433,512
2022	15,434,012
2023	15,430,512
2024	15,432,512
2025	15,430,262
2026	15,432,012
2027	15,431,762
2028	15,433,762
2029	15,432,012
2030	15,430,762
2031	15,431,087
2032	15,432,837
2033	15,431,837
2034	15,432,075
2035	15,434,750
2036	15,431,250
2037	15,430,500
2038	15,431,000
2039	15,431,250
2040	15,434,750
2041	15,429,750
TOTALS <sup>(1)</sup>	\$416,662,743

<sup>(1)</sup> Numbers may not add up due to rounding.

**Commercial Paper Notes**

On March 2, 2016, the County issued the initial tranche of its Aviation Commercial Paper Notes, Series C (the "CP Notes") authorized to be issued in the maximum aggregate principal amount of \$200,000,000. Payment of all outstanding CP Notes is secured by and payable under an irrevocable transferrable direct-pay Letter of Credit issued by Bank of America, N.A. The CP Notes are intended to provide temporary funding for the cost of certain projects at the Airport.

**Other Airport-Related Debt**

*FDOT State Infrastructure Bank Loan*

The Viaduct East Project, which was completed and opened to traffic in July 2011, consists of an elevated roadway over NW 25<sup>th</sup> Street, the only major access from the Palmetto Expressway (State Road 826) to MIA's Westside and Northside air cargo handling facilities, so that trucks entering and exiting the air cargo area could travel on the Viaduct and avoid the NW 25<sup>th</sup> Street congestion. The project was funded in part with a \$50 million loan to the County from the Florida Department of Transportation ("FDOT") State Infrastructure Bank. The FDOT loan is secured by a County covenant to annually budget and appropriate from County legally available non-ad

valorem revenues funds sufficient to pay debt service costs. As of September 30, 2015, the Aviation Department on behalf of the County has paid \$35 million for annual debt service payments, which commenced October 1, 2009, and intends to earmark approximately \$5 million per year over the balance of the 11-year life of the loan (the last payment is due October 1, 2019) from the Aviation Capital Account to pay FDOT. This payment is subordinate to all other Aviation Department funding requirements, including all other debt to be paid from the Improvement Fund.

### *Third-Party Obligations*

The County may issue revenue bonds related to the Airport System outside the provisions of the Trust Agreement and not payable from Revenues pledged under the Trust Agreement, subject to the condition, among others, that it will not construct, or consent to the construction of, any project, whether at the Airport or any other site, unless there is filed with the Clerk of the Board a statement signed by the Traffic Engineers and the Consulting Engineers certifying that, in their respective opinions, the operation of such additional project will not affect the County's compliance with the Rate Covenant Requirement or impair the operating efficiency of the Port Authority Properties. The Miami-Dade County Industrial Development Authority has issued revenue bonds in the combined aggregate principal amount of \$223,590,000 for the benefit of conduit borrowers, the proceeds of which have been used by those conduit borrowers to finance the construction of their air cargo and other facilities at the Airport. As of September 30, 2015, such bonds were outstanding in the aggregate principal amount of \$76,440,000. Neither the Airport nor the County has any obligation with respect to these bonds. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Bonds Secured Otherwise than by the Trust Agreement."

### **Independent Financing of the Rental Car Center**

In August 2005 and August 2007, FDOT, in cooperation with the County, closed on \$270 million in loans from the United States Department of Transportation under the Transportation Infrastructure Financing Innovation Act ("TIFIA") loan program. Under various agreements, FDOT agreed to procure the financing, acquire the land, and construct the Rental Car Center ("RCC") (formerly known as the Rental Car Facility), at the Miami Intermodal Center ("MIC"). The loan proceeds were used by FDOT to design and construct the RCC, which commenced operations in July 2010. The revenues pledged for repayment of the loan are the proceeds of the Customer Facility Charges ("CFC") collected by car rental companies from their customers at the Airport and, if required, rent payments from the car rental companies sufficient to cover any shortfall. Loan payments (which commenced on October 1, 2012) have been made through October 1, 2015, without the need for any rent payment from the rental car companies. **The repayment of the TIFIA loan is not secured by Revenues or any other revenues of the Aviation Department.** See "AIRPORT SYSTEM FACILITIES – Commercial Operations Facilities at the Airport" and " - Roadway Access to MIA."

### **Possible Future Indebtedness; Other Capital Expenditures**

The CIP is substantially complete. See "CAPITAL PROJECTS" and "FUNDING SOURCES FOR CAPITAL PROJECTS." The Aviation Department, however, has identified a number of capital projects under its Terminal Optimization Program (TOP) related primarily to the Central Terminal, which has not had any major refurbishments in over 20 years, as well as the maintenance of existing assets and safety and security programs. More specifically, these proposed projects include improvements for roadways, terminal re-roofing, concourse refurbishment and gate upgrades (e.g. making domestic gates into swing gates to accommodate both international and domestic arriving passengers). Most of these projects are still in the planning phase and, thus, have not been prioritized or approved by the Aviation Department or by the Board. The Terminal Optimization Program is described in further detail under "CAPITAL PROJECTS – Terminal Optimization Program (TOP)".

One major project that the Aviation Department has tentatively committed to starting, though in the planning stage, is the refurbishment/replacement of the South and Central Terminals' outbound baggage make-up system, which project is included within the TOP. TSA has signed an "other transaction agreement" that sets forth its commitment to reimburse the Aviation Department \$101.2 million in eligible costs related to this project. The Aviation Department plans to fund the remaining costs with PFC pay-as-you-go funds and other funding sources. The design phase is expected to start in the second quarter of 2015.

In addition, the Aviation Department has completed the Strategic Master Plan (the "SMP") by an outside consultant and is seeking FAA and BCC approval. Any capital needs identified as part of the SMP are in the infancy stage and have not reached the planning or design stage.

## **AIRPORT SYSTEM GOVERNANCE AND MANAGEMENT**

### **Governance**

The Aviation Department is a department of the County, which is a political subdivision of the State and a home rule county authorized by the Florida Constitution. Pursuant to Florida Statutes and the Home Rule Amendment and Charter of Miami-Dade County, as amended (the "Home Rule Charter"), the elected 13-member Board is the legislative and governing body of the County. On January 23, 2007, the electors of the County approved an amendment to the Home Rule Charter which established a strong mayor form of government. This amendment expands the Mayor's powers over administrative matters. Under this system, the Mayor also appoints all department heads, including the Aviation Director.

### **Management**

Brief descriptions of the director of the County Finance Department and the executive staff and selected division managers of the Aviation Department follow.

#### Edward Marquez

*Miami-Dade County Deputy Mayor/Finance Director*

Edward Marquez is Deputy Mayor of Miami-Dade County and Director of the Finance Department. Mr. Marquez oversees the Finance, Management and Budget, Audit and Management Services, Information Technology and Internal Services Departments and liaises with the Housing Finance Authority, Clerk of the Board and Eleventh Judicial Circuit of Florida. Mr. Marquez was Finance Director of Miami-Dade County from 1986 to 1996. During his tenure, he was responsible for all financial and controllership operations of County government. Later, Mr. Marquez served as Manager of the City of Miami where he directed development of the City's five-year fiscal and operational recovery plan. Mr. Marquez has also served as an investment banker and financial advisor, and he has comprehensive knowledge of a wide range of business operations and complex financial transactions.

Prior to re-joining the County, Mr. Marquez was a Senior Vice President of First Southwest Company, LLC where his clients included the Miami-Dade Expressway Authority, City of Miami and North Miami Community Redevelopment Districts, among others. He held the post of Chief Financial Officer at the Miami-Dade County Public Schools, the fourth largest school district in the United States with operating and construction budgets of \$2.6 and \$1.7 billion, respectively.

Mr. Marquez holds a Bachelor of Business Administration from Florida International University and an Associate of Arts in Business Administration from the University of Florida.

#### Emilio T. González, Ph.D.

*Aviation Department, Aviation Director*

Emilio T. González, Ph.D., is the Director of the Aviation Department, a position he assumed on March 25, 2013. He directs the operations at the Airport and five general aviation airports in the Airport System. Dr. González oversaw the completion of one of the largest airport expansion programs in the U.S., a \$6.5-billion capital improvement program that added new terminals, roadways and other infrastructure to MIA and the County's general aviation airports.

Prior to joining Miami-Dade County, Dr. González was President and CEO of NPI Advisors, an international and government affairs consulting firm. Previously, he served as President and CEO of Indra USA, the United States subsidiary of Spain's Indra Sistemas, S.A., which is a leading European-based international company specializing in IT solutions.

Dr. González has spent most of his career involved in foreign affairs and international security policy issues. He served as Director of the U.S. Citizenship and Immigration Services, an UnderSecretary position within DHS in Washington, D.C. Prior to his appointments at DHS, he served as Senior Managing Director for Global and Government Affairs at a major Miami law firm. Additionally, he was Director for Western Hemisphere Affairs at the National Security Council at the White House. He also completed a distinguished career in the U.S. Army, retiring with the rank of Colonel.

A graduate of the University of South Florida with a B.A. in International Studies, Dr. González also earned M.A. degrees in Latin American Studies from Tulane University and in Strategic Studies and National Security Affairs from the U.S. Naval War College. He was awarded a Ph.D. in International Relations from the University of Miami. Dr. González is a member of various boards in the banking, technology and social services industries, as well as the Council on Foreign Relations.

Sandra Bridgeman  
*Aviation Department, Chief Financial Officer*

Sandra Bridgeman serves as Chief Financial Officer of the Aviation Department. She is responsible for overall financial management of the Aviation Department, its financial reporting and transparency, and for multiple corporate functions including Controller, Treasury, Grants Management, Program Controls, Performance Analysis and Strategic Planning.

Ms. Bridgeman oversees the financial results of the Department, reviews financial, economic and airline industry data to develop and recommend airline rates and charges and rent and fee structures. She directs the development of the Department's annual operating and capital budgets and provides strategic assistance to the Aviation Department's executive management team in establishing long-range goals, strategies, plans and policies.

Ms. Bridgeman has held several positions with the County since 1988, having most recently served as Controller for the County Finance Department, Controller for the Aviation Department, and Finance Division Chief for the Parks and Recreation Department.

Ms. Bridgeman is a certified public accountant and holds a master's degree in accounting from Florida International University and a bachelor's degree in accounting from Barry University. She also completed coursework in advanced mathematics and information systems at Brooklyn College in New York.

Oscar Aguirre  
*Aviation Department, Capital Finance Manager*

Oscar Aguirre is the Capital Finance Manager for the Aviation Department. Mr. Aguirre is responsible for the management and administration of debt issuance for the Aviation Department. Mr. Aguirre also ensures that cash needs are met in order to maintain the capital program schedule and debt service is managed in order to minimize the Aviation Department's cost per enplaned passenger. Additionally he serves as the departmental functional lead for [ERP – spell out acronym?] Financial System upgrades, as well as the Security and Workflow Administrator.

Prior to assuming the position of Capital Finance Manager, Mr. Aguirre was the Airport Accounting Chief, a position he held since 2004. His main responsibilities consisted of managing the general ledger to include financial reporting and issuance of the Aviation Department's annual audited financial statements. Mr. Aguirre has served in many different roles and positions since joining the Aviation Department in 1988. He has managed the Accounts Payable, Fixed Assets and Revenue Sections during his tenure.

Mr. Aguirre earned a bachelor's degree in Business Administration from Florida International University.

Kenneth A. Pyatt  
*Aviation Department, Deputy Aviation Director*

Kenneth A. Pyatt became Deputy Aviation Director in July 2010, following a 36-year career with American Airlines. From 1997 to 2007, Mr. Pyatt served as Managing Director of Passenger Services and Ramp Operations for American Airlines at MIA, where he was responsible for customer service, security, baggage, international and ramp operations, on-time performance, contract management and vendor oversight. He was corporate liaison with the Transportation Security Administration and managed 200 daily aircraft operations, nearly 1,800 unionized employees and 45 managers.

As a member of the American Airlines management staff, Mr. Pyatt held senior operations management positions at New York's John F. Kennedy and LaGuardia Airports, O'Hare (Chicago) and MIA from 2007 to 2010. In this capacity, he was responsible for all phases of airport operations, including aircraft operations, safety, security, prevention of aircraft damage, facilities maintenance, contractor management, and customer relations.

As Deputy Aviation Director, Mr. Pyatt is responsible for all operations divisions at MIA and the general aviation airports, including Airside, Landside, Terminal, Facilities (both Maintenance and Development), Protocol, Noise Abatement, Public Safety and Security, Police and Fire.

Mr. Pyatt holds a Bachelor of Arts from Queens College, New York.

José A. Ramos, R.A., LEED AP  
*Division Director for Aviation Planning, Land-Use and Grants Division*

Mr. José A. Ramos is currently the Division Director for Aviation Planning, Land-Use and Grants Division. He has 18 years of professional airport planning experience including airfield, terminal, and airport operations gained steadily during his tenure with the Aviation Department.

Mr. Ramos is responsible for overseeing the orderly and efficient development of MIA and the Aviation Department general aviation airports to meet aviation demands and assure compatibility with the surrounding communities. He is responsible for all aviation system and master (strategic) planning and forecasting of aircraft activity, airfield planning, on-airport facility development and off-airport proposed land use development reviews. He directs and manages the Strategic Airport Master Planning 2015-2050 effort for the Aviation Department's system of airports, and is the lead technical liaison with the responsibility of coordinating with the FAA and the FDOT in administering the Federal and State grants-in aid program for the County's system of airports.

Mr. Ramos is a State of Florida registered, LEED AP certified architect. He earned a Master of Architecture degree in 1985 from the University of Florida.

## **Employees**

The Aviation Department has approximately 1,138 employees as of December 31, 2014. Collective bargaining units represent approximately 1,094 of the 1,138 employees. Florida Statutes prohibit public employees from striking against their employers. Police and fire services are provided by their respective County departments through dedicated Aviation Department forces, with supplemental services provided and paid for as needed.

## **AIRPORT SYSTEM FACILITIES**

**[UPDATE AS NECESSARY]**

### **Introduction**

The Airport is located in the unincorporated area of the County, approximately seven miles west of the downtown area of the City of Miami and nine miles west of the City of Miami Beach. Its close in-city location provides convenient and immediate access to the Greater Miami area.

During the 12-month period ended September 30, 2015, a total of 43,347,129 passengers traveled through MIA, of which 20.9 million or 48.3% were international, and 22.4 million or 51.7% were domestic. MIA maintains one of the highest international to domestic passenger ratios of any U.S. airport, supported by South Florida's culturally diverse population and international tourist destination status. The Airport supports multiple airline and multiple daily frequencies to virtually every capital and secondary city/business center in the Latin American/Caribbean region. According to the most recent statistics compiled by the Airports Council International, MIA, in calendar year 2014, ranked 29<sup>th</sup> worldwide in terms of total passengers (both arriving and departing).

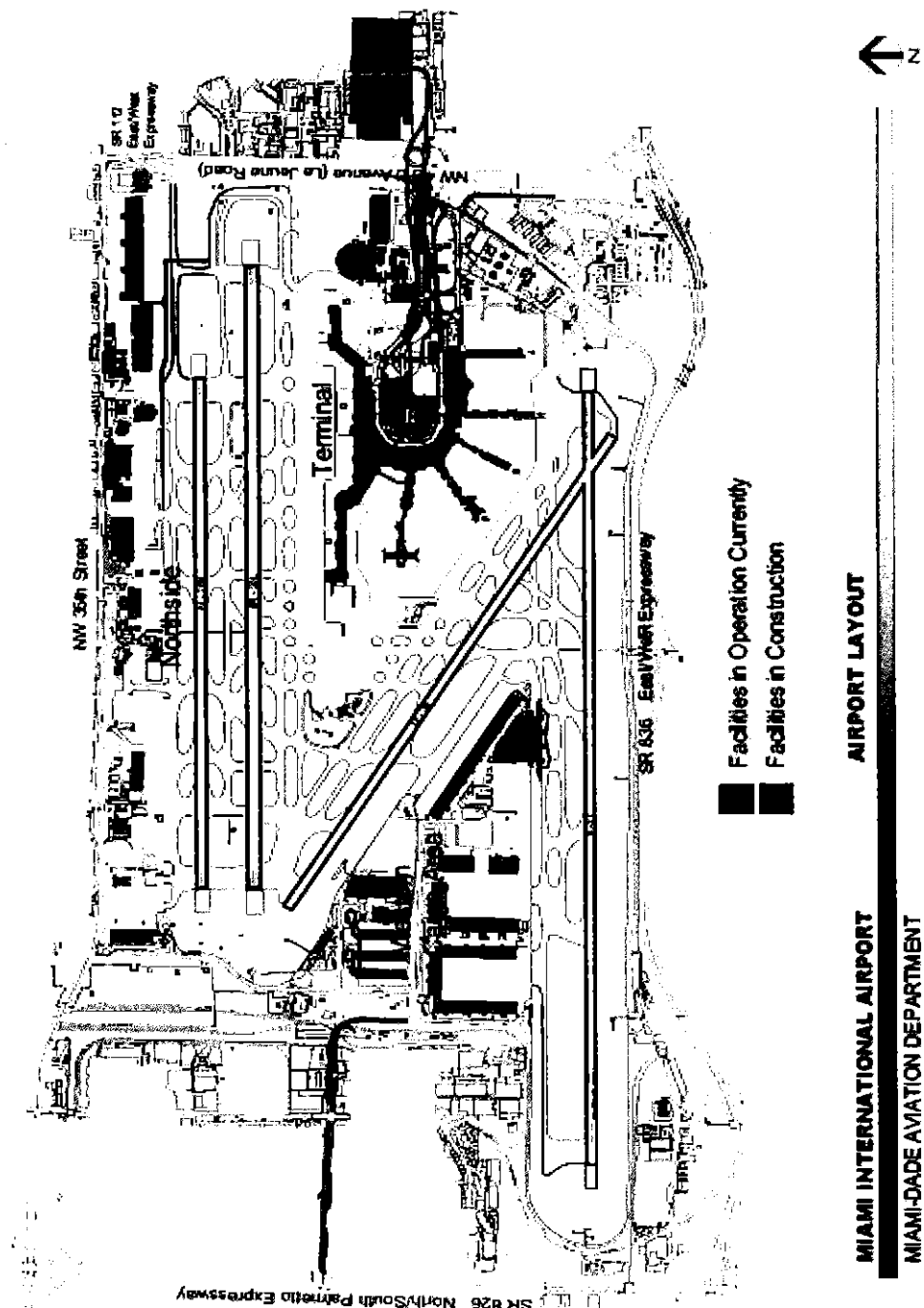
MIA includes approximately 3,230 acres and approximately 184 buildings, ranging from airfield lighting vaults, aircraft engine test cells, chiller plants, cargo warehouses, office buildings, and hangars, to a main terminal building. The North and South Terminal additions provided by the CIP added more than 4.1 million square feet to the pre-existing 3.5 million square feet.

### **Terminal Building**

This subsection describes terminal facilities in operation as of October 10, 2014.

The Terminal Building has been divided into three major geographic development areas, consisting of six concourses: North Terminal consisting of Concourse D; Central Terminal consisting of Concourses E, E/E-Satellite, F and G; and South Terminal consisting of Concourses H and J. In a maximum narrowbody aircraft configuration the Terminal has 127 contact gates. Concourse D has 50 gates and 12 regional jet ground load gates. Concourse E/E-Satellite has 18 gates; Concourse F has 19 gates; Concourse G has 14 gates (two of which are ground load commuter gates); Concourse H has 13 gates, and Concourse J has 15 gates. In its maximum widebody configuration, the Terminal has a total of 116 contact gates (45 on Concourse D, 45 in the Central Terminal's Concourses E, F and G, and 26 in the South Terminal's Concourses H and J). A map of the Airport is below. A new Federal Inspection Services ("FIS") in the area of Concourse D opened on July 2012. The first level of the Terminal Building includes the arrivals area with domestic baggage claim and ground transportation, as well as outbound baggage systems. The second level is the departure level with security checkpoints, gate hold rooms and 522 ticket positions, the majority of which have common use equipment. The Airport differs from many airports in that the Airport does not have a separate international terminal. Accordingly, the Terminal Building's third level is capable of conveying arriving international passengers from Concourses D, E/E-Satellite, and F to the new FIS located in Concourse D, and conveying arriving international passengers from Concourses H and J to the FIS near Concourse J. A third existing FIS facility located in Concourse E is currently closed pending expected renovations envisioned as part of near term renovations to the Central Terminal. The Terminal has one A380 capable loading gate with an upper deck loading bridge in Concourse J (J17) and a second A380 capable gate is under construction in Concourse D (D1).

Additionally, the Aviation Department is considering certain near-term renovations to the Central Terminal. For a discussion of the CIP with respect to the terminal facilities, see "CAPITAL PROJECTS – Terminal Optimization Program (TOP)."



### Commercial Operations Facilities at the Airport

The Terminal Building has 218 permanent and 5 temporary concession locations occupying approximately 267,964 square feet of duty-free, food and beverage and retail space; there are another 18 locations either in the concept, design or construction phases. Approximately 30% of the concession locations are located pre-security and approximately 70% of the concessions are located post-security. The current concession locations are consistent with a concessions master plan.

The Terminal Building also provides locations for services such as advertising, banks and ATM machines, currency exchanges, baggage wrap machines, luggage carts, baggage checkroom, hotel with restaurant, and an airline club.

In the past, most of the commercial operations operated under a management agreement structure. Under this structure, the Aviation Department pays a company a management fee to operate the commercial operation, while the Aviation Department receives all revenues and pays all expenses (including the management fee). Through the solicitation process, the Aviation Department has transitioned from the management agreement structure to concession agreements pursuant to which the operator pays the Airport the greater of a percentage of gross revenues or a minimum amount guaranteed in the contract. Solicitations have been issued and concession agreements awarded resulting in new master concessionaires, operators and/or developers with national, regional and local brands. The costs associated with the buildout of concession locations and on-going maintenance have been shifted to the concessionaire which is a cost-saving to the Aviation Department.

The transition to the concession agreement structure began in 2003 when Westfield Concessions Management, Inc. was awarded the Central Terminal Retail agreement to develop and operate a total of 36 locations. As the need for new concessions continued, solicitations were issued with awards to firms that had no previous presence in the Airport. Competition is created with a larger variety of concessionaires within each category of products or services. Areas USA and Concessions Miami were awarded agreements for the food/beverage program for the South and North Terminals. Faber, Coe & Gregg and HMS Host were awarded agreements for the retail program in the North and the South Terminals and The Hudson Group, Newslink/Adler and Newslink of South Florida were also awarded agreements in the North Terminal. Concession agreements were also awarded to a number of small businesses and/or local firms for locations in the North, Central and South Terminals.

The Central Terminal Retail Program solicitation is planned for late Summer 2015. It is intended this program will provide concession services on an interim basis while the permanent Central Terminal Redevelopment Program is being designed and constructed.

The South Terminal is supported by a 50,000 square-foot Concession Hall and features an 8,900 square-foot food court. The South Terminal also includes a Bank of America service center and other amenities, such as ATMs and a business center. Fifty-six permanent concession locations are open and an additional four permanent locations are expected to open in the third quarter of 2015.

In the North Terminal, the capital improvements program is complete and 90% of the permanent concession locations are open and operating. All of the principal concession solicitations have been completed and all of the locations have been awarded. The Department has awarded concession contracts for the six locations in the Miami Marketplace, a series of modular units offering products that represent the South Florida market. Of the 91 post-security permanent locations, 86 have opened; of the 13 pre-security locations, 11 have been opened with the remainder to open in the first quarter of 2015. All remaining North Terminal concessions are expected to be open by Summer 2015.

From October 1, 2013 through December 1, 2014, concessions totalling 1,971 square feet were added throughout the Airport. These new locations will enable the Aviation Department to meet the passenger demands for additional food/beverage, retail and duty free concessions.

There are 16 rental car companies, including the national brands of Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National and Thrifty operating at the Rental Car Center ("RCC"). The RCC is the first phase of the Miami Intermodal Center (the "MIC") immediately east of the Airport's main entrance. The RCC is connected to the Airport by the MIA Mover, an elevated automated people mover system, constructed by the Aviation Department over Central Boulevard between the Airport's Dolphin and Flamingo parking garages. Both the RCC and the Airport are connected to downtown Miami via the County's elevated heavy rails system (Metrorail), which began operation during the summer of 2012. See "AIRPORT SYSTEMS FACILITIES — Roadway Access to MIA" for a description of the MIC and the MIA Mover.

The MIA Hotel, located on the second level of Terminal E, is currently operated through a management agreement. The MIA Hotel has 259 rooms and includes the 7<sup>th</sup> restaurant, a lobby bar and a sushi bar, which



collectively occupy approximately 118,500 square feet. The latter food outlets formerly operated under a separate management agreement have been bifurcated from the program and awarded to concessionaire IMCMV MIA LLC. The new operator will be remodeling the lobby and sushi bar into a Margaretville while the 7<sup>th</sup> floor will be completely renovated into a Brazilian themed concept called Viena. The MIA Hotel is a successful, independently branded hotel with the distinct advantage of its in-terminal location over the rest of the airport-district area hotels. As of December 31, 2014, the MIA Hotel occupancy for the last 12 consecutive months was 85.9% as compared to 88.1% for the comparable set comprised of nine area hotels. The average daily rate for the same period was \$134.21 as compared to \$127.85 for the comparable set.

### **Airside Facilities**

The Airport has four commercial service air carrier runways, consisting of three parallel east-west runways and one diagonal runway oriented in the northwest to southeast heading. For a map of the runways, see "AIRPORT SYSTEMS FACILITIES – Terminal Building." These runways provide operational facilities to cover 97% of the prevailing wind conditions at MIA and are connected by a system of dual taxiways and aprons. The runways are equipped with high-intensity runway lighting systems. Category I Instrument Landing Systems are provided for six of the eight runway approach directions to permit operations under poor weather conditions. The newest, northernmost Runway 8L-26R runs east-west and is 8,600 feet long and 150 feet wide. Runway 8R-26L, also on the north side of the Airport, runs east-west and is 10,506 feet long and 200 feet wide. It is located 800 feet south of Runway 8L-26R centerline, with Taxiway Lima "L" separating them. The south parallel east-west Runway 9-27, almost a mile to the south of Runway 8R-26L, is 13,016 feet long and 150 feet wide. The diagonal northwest-southeast Runway 12-30 is 9,355 feet long and 150 feet wide and is used sequentially with the parallel runways during easterly operations with the application of Land-and-Hold-Short (LAHSO) procedures on the longer Runway 9-27 permitting converging landings. A runway and taxiways rehabilitation project for Runway 12-30 and parallel Taxiways "P", "Q" and "R" is currently underway. The construction start date was November 18, 2013 and the project is expected to be substantially complete by June 30, 2015. The completion of this project will provide reliability and safety improvements and to mitigate recurring pavement maintenance issues thus reducing associated operational impact closures. This rehabilitation project will be funded through a combination of reserves, grants and proceeds of previously issued Bonds. These runways are capable of handling any size commercial passenger or cargo aircraft planned or currently in use, with Runway 8R-26L and 9-27 approved as contingency and primary runways, respectively, for handling the Airbus A380 and the Boeing 747-8. MIA's four-runway layout permits peak hour aircraft movements of up to 152 flight operations per hour during optimal weather conditions.

The four runways are flexible pavement facilities constructed with bituminous asphalt surfacing, over a compacted lime rock base sub-grade, and can be strengthened as necessary by additional overlays of bituminous asphalt to accommodate sustained operations by heavier aircraft in the future. All runways are grooved, permitting all-weather landing and optimal wet runway condition braking performance.

To minimize take-off delays, all runways are supplemented at each end with large holding taxiways, which permit the bypassing of most aircraft facing delay by other departing aircraft except in the case of the very large aircraft, including the Airbus A380 and the Boeing 747-8. A system of numerous high-speed exits (turnoffs) from the runways has been provided, permitting landing aircraft to make smooth exits from the runways to the taxiway system, minimizing runway occupancy times and enhancing airfield performance and capacity. An extensive system of dual parallel taxiways has been constructed to support all four runways and serve the entire area of the Airport's terminal complex. These dual-parallel taxiways provide by-pass taxiway capability for all but the largest aircraft during high airfield utilization periods such as during peak periods when air traffic control needs to reshuffle departure queues to enable the most delayed departures to take-off prior to other flights. The newest airfield improvement substantially completed is Taxilane "K" Extension. Located on the northeast corner of the airfield, the new taxilane provides additional safety and airfield capacity by reducing the need to cross Runway 8L-26R when taxiing from Taxiway "K" to the Northeast Base Apron and to the newly completed Centurion Cargo Building.

### **Parking Facilities**

The Airport offers several public parking facilities: North and South Valet, located within the respective Dolphin and Flamingo garages, two stacked lots perpendicular to the west end of the garages, with the top lot exposed to the elements, and a surface lot across from South Terminal. All facilities operate 24 hours a day, seven

days per week. The covered parking facilities known as the Dolphin and Flamingo parking garages are positioned within the linear horseshoe configuration of the Terminal Building. The ground transportation and curbside services are situated along the main access roadway across from the parking garages.

As of September 30, 2015, MIA had 8,074 public parking spaces allocated for valet, surface lots, and garages. A unified rate structure implemented October 1, 2011 eliminates the necessity to differentiate between short and long term parking. The main exit from the parking garages is through a centrally-located revenue collection plaza, which serves all facilities. This plaza allows for centralized ticketing access to and from the garages with a state-of-the-art parking revenue control system. In addition to cash and credit card payment, the collection plaza provides payment options of Pay On Foot, SunPass Plus® and EMV credit card lanes. Pay On Foot allows patrons to pay for parking prior to entering the collection plaza. SunPass is a prepaid toll program, which expedites a patron's exit through the collection plaza with the use of transponders. EMV refers to the "pin and chip" credit cards. These payment options reduce the number of staffed cash lanes and reduce labor expenses.

### **Roadway Access to MIA**

The primary ingress and egress routes for passengers and visitors to MIA are (1) from LeJeune Road (NW 42<sup>nd</sup> Avenue, the eastern geographic boundary of the Airport) to NW 21<sup>st</sup> Street, (2) the Dolphin Expressway - SR 836 (the southern boundary of the Airport) to LeJeune Road, and (3) a direct connection to Interstate I-95 from the Airport Expressway State Road 112 (SR 112) with dedicated ramps from the North, South and East all leading to the Terminal Building and the revenue parking Central Collection Plaza via the MIA main access roadway "Central Boulevard" (which is an extension of NW 21<sup>st</sup> Street). The Central Boulevard roadway connects to all passenger landside and terminal facilities and on approach to the terminal is grade separated with access to the first (ground) level for all arrivals and an elevated roadway level serving the entire second level for all departures.

Airport roadway access infrastructure includes the Central Collection Plaza and the Terminal South Drives Extension Projects. The Central Collection Plaza provides a centralized point of entry and exit from the revenue parking garages with an automated payment system. The Southside Drives Extension project, which extended the grade separated terminal roadway system with additional curb frontage for arriving and departing passengers to support the South Terminal building and Concourse J expansion opened for service in 2007. The Southside Drives Extension project greatly improved the circulation, weaving and way finding for passengers accessing the new terminal and exiting the Airport.

Other Airport surface access improvements have some CIP contributions but are primarily funded by entities other than the County to enhance the surface accessibility and functionality of roadways serving the Airport and include the Airport's interface with the Rental Car Center (RCC) and the transit oriented Miami Intermodal Center (MIC), and improved ingress and egress for both passengers and cargo both on the east (terminal) and west (air-cargo) sides of the airport. Significant access improvements include:

- FDOT and the Miami-Dade County Expressway Authority (MDX) are funding several projects to enhance access to the Airport from adjoining roads. These include completed projects such as the RCC, the widening of LeJeune Road (Northwest 42nd Avenue), the MIC core building, the rebuilding of the SR826/SR836 Interchange, direct connect ramps from the Airport to State Roads 836 and 112, the SR 826/Northwest 36th Street Interchange, the widening of Perimeter Road from NW 72nd Avenue to NW 57th Avenue to four lanes, and the first phase of the NW 25th Street Viaduct East Project, which was completed in July 2011. See "AVIATION-RELATED DEBT – Other Airport-Related Debt – FDOT State Infrastructure Bank Loan" for a description of the NW 25th Street Viaduct East Project. Ongoing projects include the final phase of the Viaduct Project and construction on a new widening and re-alignment project for SR 836, from NW 17<sup>th</sup> Ave to NW 57<sup>th</sup> Ave. The Viaduct Project involves two major parts: the roadway reconstruction and widening of NW 25<sup>th</sup> Street from the Palmetto Expressway (State Road 826) to NW 89 Court and the construction of a viaduct. The viaduct, elevated about 30 feet, is situated mainly along the north side of NW 25<sup>th</sup> Street and will connect with the existing east viaduct. It will then cross over the expressway to a point just east of NW 82<sup>nd</sup> Avenue. The project began construction in June 2012 and is expected to be completed in July 2016. In 2015, MDX began construction on a new widening and re-alignment project for SR 836, from NW 17<sup>th</sup> Ave to NW 57<sup>th</sup> Ave. This project will improve capacity of SR 836 mainline and includes the complete reconstruction and realignment of the SR 836/Le Jeune Road

interchange. The interchange reconstruction will enhance access and provide greater safety and efficiencies for accessing MIA from SR 836. The project is expected to be completed in 2019.

- The recently completed \$72 million capacity improvements of the primary access to the Airport's passenger terminal, known as the "MIA Central Boulevard Widening, Re-alignment and Service Loop Project," was needed to balance MIA's terminal roadway system with the Airport's increased airfield and terminal capacity. It was constructed by MDX at no cost to the Aviation Department. A Joint Participation Agreement between MDX and the Aviation Department was approved by the MDX Board on June 30, 2009, to accomplish MDX's assumption of the project in exchange for a perpetual easement and assignment of a \$48.5 million FDOT grant to MDX. See "FUNDING SOURCES FOR CAPITAL PROJECTS – State Grants." The Central Boulevard improvement was implemented through a design-build contract to enhance the "at grade" and elevated roadways along the airport's main access corridors. The project included the widening and realignment of Central Boulevard and a separation of service and commercial traffic from the public traffic lanes. Specifically, the project widened Central Boulevard from three to four lanes in the west-bound ingress direction and from four to five lanes in the east-bound egress direction. The improved roadway project was completed in late 2014 and provides links to the Airport's major feeder roads and highways, such as LeJeune Road (NW 42nd Avenue), State Road 836, and State Road 112. Central Boulevard is now also the direct link to the RCC and the MIC.
- The MIC is a multi-phased development program intended to relieve area roadway congestion and improve access to the Airport by creating a regional transportation center east of LeJeune Road. The MIC will act as a remote ground transportation hub for MIA by relieving terminal curbside congestion. Its estimated cost is \$2.1 billion. The primary structures include a separate MIC core building and the RCC, both of which are being constructed by FDOT with loan proceeds from the United States Department of Transportation under the TIFIA loan program. The MIA Mover, funded through the CIP and \$101.2 million in FDOT grants, connects the RCC to the Terminal Building and connects both the RCC and the Airport to the County's Metrorail system. The MIA Mover began operations in September 2011. FDOT plans to construct other transportation-related facilities in the immediate area, all of which will be made commercially compatible with the RCC and the MIC core building.

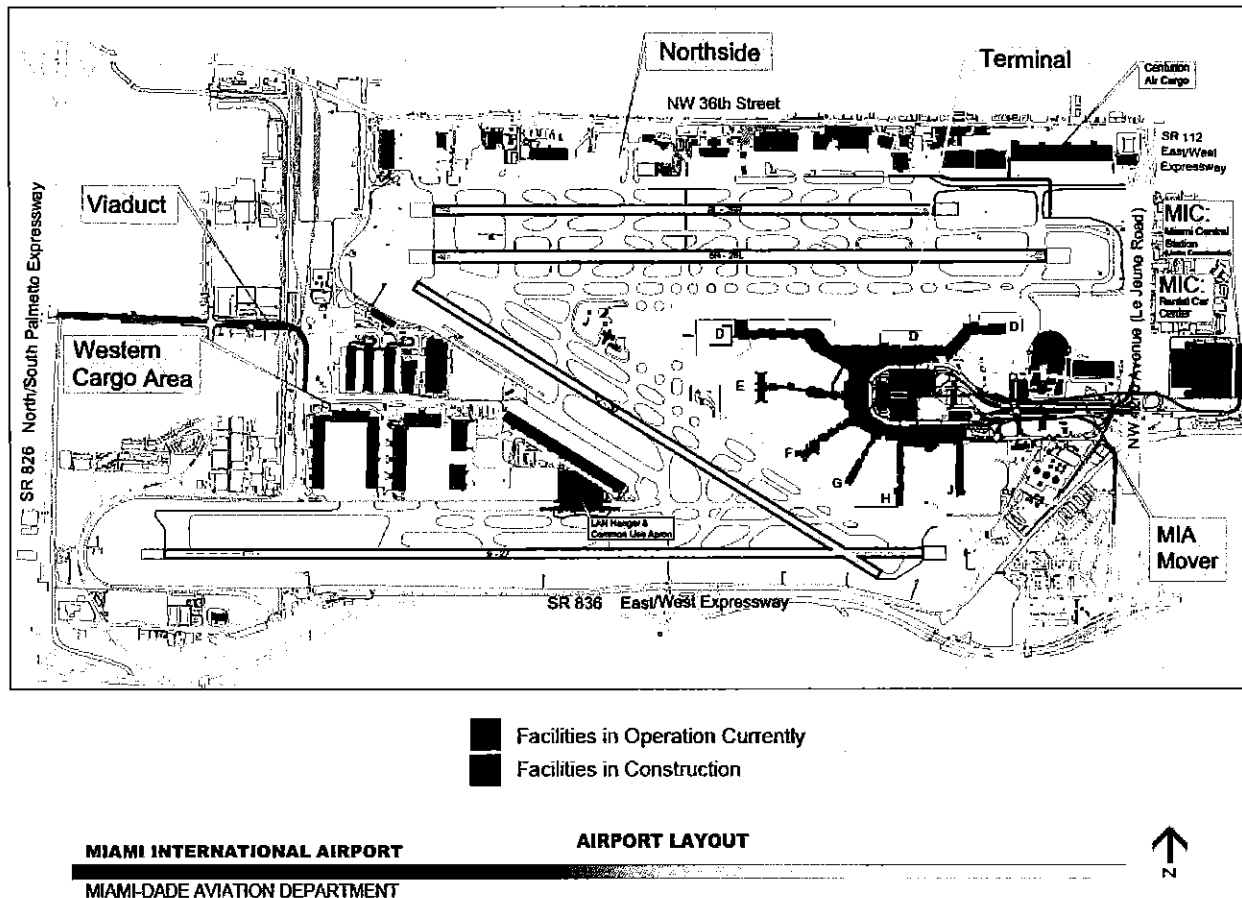
The County's responsibilities for the MIC project are primarily limited to:

- Designing, constructing and operating the MIA Mover;
- Calculating CFCs sufficient to pay off the TIFIA loan secured by FDOT and imposing upon car rental companies the obligation to collect CFCs from their customers and remit them to a trustee; and
- Operating and maintaining the RCC and paying for the costs thereof from the CFCs. The CFCs are not Revenues.

Another roadway improvement under consideration consists of the widening and re-alignment of the eastern section of Perimeter Road from NW 57<sup>th</sup> Avenue to NW 42<sup>nd</sup> Court (parallel and to the east of LeJeune Road) and connecting to NW 20<sup>th</sup> Street allowing the aviation fuel-farm to be enclosed within the Airport's Airfield Operations Area. A Project Development and Environment (PD&E) study will need to be prepared. The design and construction of this section of Perimeter Road will be subject to federal and state funding.

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**Figure I.1**  
**Airport Layout Plan - Miami International Airport**  
**Roadway Access Improvements**



Source: Miami-Dade County Aviation Department.

### Cargo and Other Facilities at the Airport

The Airport has a number of facilities that are used for cargo operations (mostly warehouse space), testing aircraft engines (aircraft engine test cell facilities), aircraft maintenance (both narrow-body and wide-body aircraft hangars), and aircraft flight crew training (flight simulators). These facilities are in three areas of the Airport: (i) the northeast area, which covers approximately 146 acres, (ii) the north central corridor, which covers 79 acres, and (iii) the northwest and west areas, which comprise 573 acres.

As of December 31, 2014, the Aviation Department managed approximately 8.9 million square feet of potentially rentable cargo and other facilities including aircraft maintenance repair and overhaul facilities as well as hangars, office space, simulator bays and other training areas, aircraft engine repair, and aircraft engine testing facilities outside of the Terminal at the Airport. Storage areas and operational support facilities make up the rest of the square footage managed by the Aviation Department. The leased facilities produced approximately \$57.6 million in annual rental revenues (\$37.0 million from buildings; \$18.7 million from land; and \$1.9 million from pavement), which constitute approximately 7.59% of Fiscal Year 2014 operating revenues. This total includes the general aviation airports.

Cargo plays a significant role in the financial health of the Airport. Annual revenues generated from the rental of cargo facilities, combined with Landing Fees of all-cargo airlines operating at MIA, totaled \$77.5 million for Fiscal Year 2014.

From October 2013 through September 2014, cargo tonnage handled at the Airport increased 2.46% when compared to the same preceding 12-month period. Cargo tonnage handled from January 2014 through December 2014 increased by 2.76% over the same period of 2013.

Prior to 2013, the majority of the MIA airfield development in the last 20 years has been for cargo handling facilities. On the west side of the Airport, three belly cargo buildings and three cargo buildings with direct aircraft access known as the Western "U" were developed by the Aviation Department and are leased to cargo tenants. Four other cargo buildings with direct aircraft access were constructed by the airlines in partnership with private developers and make up the Eastern "U." In February 2013, a 500,000 square foot cargo facility containing 166,000 square feet of refrigerated warehouse built by Centurion Air Cargo, Inc. ("Centurion") (in partnership with a developer) opened in the northeast section of the Airport. This development is the largest single tenant leasehold in the Airport.

All of the buildings in the Eastern "U" are operated by tenants or third parties under lease development agreements. United Airlines built a 118,000 square foot cargo facility (and has transferred its interest in this facility to AMB Codina MIA Cargo Center, LLC); Arrow Air completed a 127,089 square foot facility; and LAN (Chile) built an approximately 410,000 square foot cargo and office complex, which serves as LAN's headquarters for its U.S. operations. These development lease agreements typically have terms of 20 to 30 years, and provide that each company pays ground rent to the Aviation Department during the period of the lease, and fair market rents on the facilities at the conclusion of the initial term. Each company constructed its facilities at its own cost, using its own source of financing.

Other facilities financed under lease development agreements include a 35,000 square foot courier facility built by UPS in 2001, which is located in the northwest area of the Airport and adjacent to the 157,000 square foot cargo facility the company acquired with its purchase of Challenge Air Cargo. These facilities serve as UPS's Latin American gateway hub. In 2012, DHL spent \$21 million to expand its cargo warehouse to 130,000 square feet and made MIA its Latin American gateway. FedEx also built a 189,000 square foot facility along the north side of the Airport that was completed in 2004. Currently, the Airport has over 2.6 million square feet of cargo facilities.

In addition to the cargo facilities, the Aviation Department has a number of cargo loading (aircraft apron) positions located throughout the airfield that serve to support the cargo operations at the Airport. As of December 31, 2014, the Airport has 71 such positions, 44 of which are common-use positions that are assigned by the Aviation Department's Airside staff. The remaining 27 are on airline leasehold property. Assignment of the common-use cargo loading positions is based on the location of airline cargo warehouse leaseholds, aircraft types and operating schedules of the cargo airlines.

The aforementioned Centurion development was constructed under a 40-year development lease agreement with the County. This agreement was assigned to Aero Miami, III, LLC ("Aero Miami") for the financing, design, construction and management of the warehouse, with both Centurion and Aero Miami serving as joint lessees under the lease. Centurion was also given the right to purchase from the County the Building 890/891 hangar facility for the sum of \$6.4 million and paid that amount to the Aviation Department through Aero Miami's construction of Taxiway "K" that runs adjacent to Centurion's buildings, with any additional reimbursable cost of approximately \$2 million, reimbursable to Aero Miami through ground rent credits. The Aviation Department reimbursed Aero Miami \$2.8 million for environmental remediation costs of the warehouse site plus a contract-required interest payment of \$500,000 payable to Aero Miami. The warehouse and hangar refurbishment received certificates of occupancy in February 2013 and the Taxiway K work was completed in 2014. The credits were applied accordingly and the developer began paying rent at the end of August 2014. Annual revenue from the development is expected to be \$3.5 million.

#### *Public Private Investor Partnership*

In calendar year 2007, the Aviation Department initiated a multi-phased Public Private Investor Partnership ("PPIP") program in an effort to address unfunded capital needs not included in the CIP and generate additional revenues. Through the PPIP program, the Aviation Department is seeking qualified investors/developers to finance, design, construct, renovate, manage and/or operate projects in undeveloped and/or underutilized land and facilities in certain designated investment areas within the boundaries of the Aviation Department's airports.

The Aviation Department issued a competitive Request for Proposal for Phase I of the PPIP program, which included seven investment areas, ranging in size from 2 to 62 acres, located at MIA and one general aviation airport. Respondents showed interest in developing four of the seven offered sites and the Aviation Department negotiations with the two top-ranked developers were completed and the agreements are awaiting FAA approval.

A request for Expression of Interest (EOI) was issued for PPIP Phase II, seeking a qualified developer for available investment areas immediately adjacent to the Airport's Central Boulevard. The Aviation Department received EOIs from five qualified respondents, all of whom were invited to submit a proposal and discuss their EOIs further with a selection and negotiation committee. Two of the five qualified respondents submitted a proposal. Negotiations were completed with the top-ranked respondent for development of a 400-room stand-alone hotel, office buildings, smaller hotels, and a retail shopping area that will include a gas station, a pet hotel and a dry cleaner. The lease agreements were reviewed and accepted by the FAA and are under final review by the County.

As a result of new expansion plans for MIA's largest airline and information gleaned from the ongoing Master Planning effort, the Aviation Department revised the development plan for the area immediately available to the Airport's Central Boulevard that composed PPIP Phase II. Instead of private/public development, the area is now slated for terminal and airfield expansion. The stand-alone hotel is still in the plans but is now being considered as an airport undertaking.

### **Miami-Dade Aviation Department General Aviation Airports and Training Airports**

In addition to MIA, the Miami-Dade Aviation Department operates five (5) General Aviation Airports ("GAAs"). Three such GAAs are used for traditional general aviation activities such as fixed base operations, aircraft storage and maintenance facilities. One airport is used primarily for training purposes, while another has been decommissioned for the purpose of mining the limestone deposits located on its premises. The following narrative describes the facilities at each of these airports.

#### *Miami-Opa-locka Executive Airport*

The County obtained Miami-Opa-locka Executive Airport ("OPF"), formerly Opa-locka Executive Airport, from the United States government in 1961. In 1962 the remainder of the former Naval Air Station Miami property, except for a portion reserved for the United States Coast Guard, was transferred to the County and became Opa-locka Airport. In 1965, the U.S. Coast Guard Air Station Miami ("CGAS") transferred its aircraft and operations from its Dinner Key installation to the Opa-locka Airport, re-establishing CGAS on site. OPF encompasses 1,810 acres.

The Airfield consists of three active runways. The two east-west runways are 8,002 feet and 4,306 feet long, respectively, and 150 and 100 feet wide respectively, with one runway having two instrument landing systems ("ILS") and Category I capabilities. The southeast-northwest runway is 6,800 feet long and 150 feet wide, and also has ILS and Category I capability. Other facilities include corporate hangars, an Aircraft Rescue and Fire Fighting facility and a CBP private aircraft clearance facility. In addition, third parties operate or are in the process of developing a number of the facilities at OPF, including corporate hangars. The U.S. Coast Guard Air Station Miami, Miami-Dade County Police Department, Aviation Division, and Miami-Dade County Fire Department ("Air Rescue") have operations at OPF.

At OPF, there are currently over 500 acres leased for development. In 2007, the Aviation Department facilitated the release of large tracts of land held by developers since the late 1990s in order to accommodate various requests for additional facilities. Since that time, facilities including corporate hangars, a new Fixed Based Operator Building, new air traffic control tower, offices, retail/industrial facilities and a UPS distribution center have been erected. The total public and private investment since 2007 is approximately \$127 million.

### *Miami Executive Airport*

Since its opening in 1967, Miami Executive Airport ("TMB"), previously known as Kendall Tamiami Executive Airport, has become one of the busiest general aviation airports in the United States. TMB is a designated reliever airport for MIA. TMB's property is composed of 1,360 acres.

TMB's airfield consists of three active runways: two east-west runways of 6,000 feet and 5,002 feet in length and 150 feet in width, and a southeast-northwest runway of 4,001 feet in length and 150 feet in width. The primary east-west runway is equipped with high intensity runway lighting; the secondary runways have medium intensity runway edge lighting. Facilities include T-hangar bays, corporate hangars, a small restaurant, an aviation museum and office space, which have been built by the Aviation Department and private parties. The County's Police and Fire Departments' aircraft are headquartered there, and the FAA operates the Air Traffic Control Tower and the International Flight Service Station. As of October 2014, TMB has an Airfield Rescue and Fire Fighting (ARFF) unit stationed at the airfield. Miami-Dade College School of Aviation has a satellite campus located at TMB which provides flight training programs. The airport also has a CBP facility to service international traffic. All taxiway lights were upgraded to LED lights in 2014.

Among TMB's major tenants is the FAA-operated Miami Automated International Flight Service Station, a flight-planning and weather-reporting service. Also based at TMB are several aircraft maintenance businesses, fixed base operators (FBO), air taxi/charter operators, and flight schools. TMB has a significant number of flight training, corporate, and charter operations due to the on-site aviation-related schools and the airport's close proximity to businesses in the South Florida region. TMB is experiencing robust real estate development, with six private developers investing approximately \$30 million in new properties on 75 acres over the last 10 years.

### *Homestead General Aviation Airport*

Homestead General Aviation Airport ("X-51"), which was completed in 1963 and was rebuilt after suffering significant windstorm damage from Hurricane Andrew in 1992, serves the public, agricultural users and recreational sports aviation needs in the southern portion of the County. X-51's property is composed of 960 acres. Since 1992 more than five million dollars has been invested in improvements, including new airfield signage and lighting, two Fixed Based Operators (FBO) and aircraft hangars.

X-51's airfield consists of three general aviation runways: an east-west runway that is 3,000 feet long and 75 feet wide; a parallel east-west grass runway that is 2,500 feet long and 150 feet wide, reserved for ultra-light and glider activity; and a north-south runway that is 4,000 feet long and 100 feet wide. The paved runways each have parallel lighted taxiways and medium intensity edge lighting. All taxiway lights were upgraded to LED lighting in 2014.

### *The Dade-Collier Training and Transition Airport*

The Dade-Collier Training and Transition Airport ("TNT"), located partially within Dade County and partially within Collier County, is approximately 46 miles west of MIA and was opened in 1970. It is used for commercial air carrier, military flight, and private aircraft training. TNT's property is composed of 24,960 acres, which includes approximately 900 acres of developed and operational land.

TNT consists of a single east-west runway (10,500 feet long and 150 feet wide), which is equipped with high-intensity runway lights and pavement geometry configured for efficient operation of wide-body aircraft. The County owns all facilities at this airport excluding the ILS and the medium intensity approach lighting system with runway alignment indicator lights.

The undeveloped property of TNT is managed and operated by the Florida Fish and Wildlife Conservation Commission. Environmental concern for the safety of the Everglades resulted in the negotiation of the Everglades Jetport Pact, which is a multi-party agreement among the County, the State, and the United States (acting through the Secretary of Transportation and the Secretary of the Interior) restricting the development of TNT to a single runway and a parallel taxiway.

The County is currently examining options to determine how best to maximize revenue from these extremely environmentally sensitive premises. The County is in the process of determining the feasibility of a biennial five day trade show geared towards the aeronautical and aerospace industry which would include aircraft exhibitions and demonstrations. The County intends to structure the event in a manner requiring a minimal footprint with no expected environmental impact.

#### *Opa-locka West Airport*

The Opa-locka West Airport ("X-46") was decommissioned in 2006. The County entered into an agreement with the Florida Department of Transportation ("FDOT") on April 23, 2008, whereby FDOT will serve as the manager for the purpose of mining limestone rock at the 422-acre site. Under the 10-year agreement, FDOT will secure all federal, State and County rock mining permits, assist the County in obtaining a competent extraction company to mine and sell the limestone rock, and assist the County in developing a marketing program for the rock. FDOT will receive no management fee. FDOT has submitted the required permit applications to mine the limestone, including one to the U.S. Army Corps of Engineers.

### **Airport Insurance**

#### *General Liability*

The County maintains third party liability insurance coverage for bodily injury and property damage arising from airport operations at MIA and the general aviation airports. The limit of liability is \$750 million per occurrence, with a self-insured retention of \$50,000 per occurrence, and an annual aggregate of \$500,000. Terrorism coverage is provided under this program with a \$750 million limit per occurrence for Terrorist Acts Certified by the U.S. Secretary of the Treasury and \$250 million in the aggregate for non-Certified Terrorist Acts.

Claims within the retention are administered by the County's Internal Services Department – Risk Management Division. The program complies with and is subject to the limitations of Florida Statutes, Section 768.28, regarding claims against governmental bodies.

#### *Property Insurance*

Aviation Department property is insured under the countywide master program (the "Countywide Master Program"), which covers most County properties subject to policy terms and conditions. The program covers damage to real and personal property and includes coverage for boiler and machinery, flood and terrorism. Related loss prevention services are also provided under this program. The limit provided is \$335 million with a \$5 million deductible per occurrence for most perils and a \$200 million deductible per occurrence for named windstorms. The current Countywide Master Program is effective through April 15, 2017.

#### *Report of Insurance Consultant*

The County has covenanted in the Trust Agreement to maintain a practical insurance program with reasonable terms, conditions, provisions and costs which the Aviation Director determines, with the approval of an independent risk management consultant ("Insurance Consultant"), will afford adequate protection against loss caused by damage to or destruction of all or any part of the Port Authority Properties and also such comprehensive public liability insurance on such properties for bodily injury and property damage and in such amounts as may be approved by the Insurance Consultant.

In its Trust Report and Insurance Program Review dated March 7, 2014 (the "2014 Insurance Program Review"), the Insurance Consultant, Siver Insurance Consultants, St. Petersburg Florida ("Siver"), concluded that, subject to comments included in the 2014 Insurance Program Review, the Aviation Department's current insurance program complies with the requirements of the Trust Agreement. Siver indicates that during the last few years significant improvements have been made in the insurance program. However, the firm continues to caution that the amount of property insurance purchased may be inadequate to cover damage arising out of a catastrophic event.



While the 2014 Insurance Program Review makes a number of recommendations, it identifies four priority recommendations, all of which reflect the fact that all property of the Aviation Department is covered by the Countywide Master Program. The priority recommendations are as follows:

- (1) The purchase of a separate property insurance program insuring only the Aviation Department's facilities.
- (2) Increase the limit of property insurance, especially for named windstorm damage.
- (3) Decrease the named windstorm deductible.
- (4) Increase the coverage limits for property damage caused by terrorism.

All such priority recommendations are subject to availability of such changes at a reasonable cost. The Aviation Director has forwarded the 2014 Insurance Program Review to the Trustee and Co-Trustee as a part of the annual insurance report required by the Trust Agreement.

Representatives of the County, the County Internal Services Department and the Aviation Department continue to explore practical measures to address the concerns and recommendations of the Insurance Consultant. These measures include reducing the property insurance deductible, investigating other means to secure the deductible, and developing a plan for the allocation of property loss recoveries between the Airport System and other County properties. Neither the County nor the Aviation Department can, however, give any assurances that it will be practical to improve the insurance program to meet all the concerns and recommendations of the Insurance Consultant, within reasonable terms, conditions, provisions and costs.

To comply with certain federal regulations, on an annual basis, the County submits detailed information on the County's property insurance programs to and requests that the Office of Insurance Regulation of the Florida Department of Financial Services review for adequacy. If the Office of Insurance Regulation determines the Countywide Master Program is not adequate, the County must acquire additional coverage or provide the Office of Insurance Regulation with a reasonable basis for not obtaining such coverage. The Office of Insurance Regulation has never determined the Countywide Master Program to be not adequate.

## **AIRPORT TRAFFIC ACTIVITY**

### **[UPDATE AS NECESSARY]**

The Airport offers an extensive air service network, enhanced by multiple daily scheduled and non-scheduled flight frequencies covering over 150 cities on four continents. Based on Official Airline Guide data for flights scheduled from October 1, 2015 through December 31, 2015, the Airport's stronghold market, the Latin America/Caribbean region, is served by more passenger flights from the Airport than from any other U.S. airport. The Airport is a major transshipment point by air for the Americas. During 2015, the Airport handled 83% of all air imports and 79% of all air exports between the U.S. and the Latin American/Caribbean region. In the rankings for calendar year 2014, the Airport was the nation's number one airport in international freight<sup>(1)</sup> (excluding mail and transit freight) and second in international passenger traffic.

The Airport stimulates a host of industries such as tourism, the cruise industry and international banking and commerce. The Airport's activities resonate throughout the State. For the 12-months ended September 2015, the Airport was the port of entry for 64.8% of all international passenger traffic arriving by air to the State. In terms of trade, Department of Commerce data for 2015, the most recent period for which such information is available, showed that the Airport handled 93% of the dollar value of the State's total air imports and exports, and 37% of the dollar value of the State's total air and sea trade internationally. The Airport is American Airline's largest

<sup>(1)</sup> Although the Airports Council International ("ACI") ranks Ted Stevens Anchorage International Airport ("ANC") number one in its rankings, MIA excludes ANC from its rankings because of ANC's particular methodology of accounting for freight. MIA's total freight only reflects enplaned and deplaned freight, while ANC chooses to include a large amount of transit (same aircraft) freight. If ANC's transit freight is excluded, MIA ranks first. Source: Miami-Dade County Aviation Department.

international hub operation, both for international passengers and international cargo. American Airlines accounted for 61.4% of the enplaned passengers at the Airport during the 12-month period ended December 31, 2014, and together with its affiliate, American Eagle, 66.1% of all enplaned passengers during such period.<sup>(2)</sup>

The table set forth below provides statistical information related to the Airport's activity trends, including enplaned and deplaned passengers, landings and take-offs and enplaned and deplaned cargo.

**[UPDATE TABLE]**

**AIRPORT TRAFFIC ACTIVITY TRENDS FOR MIAMI INTERNATIONAL AIRPORT**  
(For the Fiscal Year Ended September 30)

Fiscal Year	Total Enplaned and Deplaned Passengers	Percentage Change	Landings and Take-Offs	Percentage Change	Total Enplaned and Deplaned Cargo (Tons)	Percentage Change
2004	30,244,119	2.40%	381,670	0.10%	1,942,119	9.40%
2005	30,912,091	2.20	377,630	-1.10	1,965,501	1.20
2006	32,094,712	3.80	376,007	-0.40	1,970,928	0.30
2007	33,277,778	3.70	382,714	1.80	2,099,364	6.50
2008	34,065,830	2.40	377,568	-1.30	2,079,999	-0.90
2009	33,875,470	-0.60	348,487	-7.70	1,699,219	-18.30
2010	35,029,106	3.40	363,322	4.30	1,991,467	17.20
2011	37,633,119	7.40	386,233	6.30	2,006,722	0.80
2012	39,564,476	5.10	389,919	1.00	2,101,561	4.70
2013	40,115,305	1.40	393,355	0.88	2,134,943	1.60
2014	40,844,964	1.80	397,261	0.99	2,187,474	2.50

Source: Miami-Dade County Aviation Department.

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<sup>(2)</sup> Unless otherwise noted, statistical data in this section was compiled by the Aviation Department's Marketing Division from data collected by ACI and 2013 calendar-year traffic reports from the respective airports.

The wide range of international air service, along with positive international air route development programs, contribute to the Airport's importance as a worldwide international-to-international connecting hub for many air carriers. As indicated in the following table, the Airport in calendar year 2014 ranked first in the United States in the number of tons of international cargo, excluding mail, and second in the number of international passengers. These statistics are summarized in the table below (the most recent period for which such information is available):

**TOP FIVE US AIRPORTS' INTERNATIONAL ACTIVITY RANKINGS**  
(For Calendar Year 2014)

<b>International Enplaned/Deplaned Passengers</b>		<b>International Enplaned/Deplaned Freight (U.S. Tons)<sup>(1)</sup></b>	
1. New York Kennedy (JFK)	28,248,253	1. Miami International (MIA)	1,917,315
2. Miami International (MIA)	20,096,541	2. Los Angeles (LAX)	1,151,722
3. Los Angeles (LAX)	19,106,496	3. New York Kennedy (JFK)	1,105,132
4. Newark (EWR)	11,848,080	4. Chicago O'Hare (ORD)	1,072,321
5. Atlanta (ATL)	10,784,219	5. Louisville (SDF)	472,445

Source: Airports Council International and Miami-Dade County Aviation Department.

<sup>(1)</sup> ACI rankings include ANC in its rankings. The Airport excludes ANC from its rankings because of ANC's particular methodology of accounting for freight. The Airport's total freight reflects only enplaned and deplaned freight, while ANC chooses to include a large amount of transit (same aircraft) freight.

The top five U.S. airports based on the number of international passengers for the 12 months ended October 31, 2014, together with FLL, are listed below. Also shown below are the number of enplaned passengers and the percentage for the same airports for the 12 months ended December 31, 2007, which immediately preceded the most recent national economic recession.

[UPDATE TABLE]

**INTERNATIONAL ENPLANED PASSENGERS**

(Top Five U.S. Airports, Fort Lauderdale-Hollywood International Airport (FLL), All Other U.S. Airports)

<b>12 Months Ended December 31, 2007</b>			<b>12 Months Ended October 31, 2014</b>		
<b>Airport</b>	<b>Passengers</b>	<b>Percentage</b>	<b>Airport</b>	<b>Passengers</b>	<b>Percentage</b>
JFK	10,708	13.5%	JFK	13,608	14.6%
MIA	7,763	9.8	MIA	10,064	10.8
LAX	8,330	10.5	LAX	9,036	9.7
EWR	5,279	6.6	EWR	5,631	6.0
ORD	5,671	7.1	ORD	5,498	5.9
FLL	1,438	1.8	FLL	2,139	2.3
Other U.S. Airports	40,371	50.7	Other U.S. Airports	47,457	50.8
Total	79,560	100.0	Total	93,433	100.0

Sources: U.S. DOT, Schedule T100.

The table below shows the number of domestic, international and total enplaned passengers for MIA and Fort-Lauderdale-Hollywood International Airport.

[UPDATE TABLE]

**ENPLANED PASSENGERS  
MIAMI INTERNATIONAL AIRPORT VERSUS  
FORT LAUDERDALE-HOLLYWOOD INTERNATIONAL AIRPORT  
(12 Months Ended September 30)**

	<b>Miami</b>			<b>Fort Lauderdale</b>		
	<u>Domestic</u>	<u>International</u>	<u>Total</u>	<u>Domestic</u>	<u>International</u>	<u>Total</u>
2005	8,373,079	7,070,179	15,443,258	10,303,438	1,063,553	11,366,991
2006	8,854,085	7,200,955	16,055,040	9,503,386	1,177,350	10,680,736
2007	9,102,351	7,513,064	16,615,415	9,776,771	1,365,898	11,142,669
2008	9,067,718	7,967,682	17,035,400	10,006,392	1,583,510	11,589,902
2009	8,987,096	7,897,003	16,884,099	8,947,048	1,520,840	10,467,888
2010	9,179,436	8,225,894	17,405,330	9,260,615	1,652,303	10,912,918
2011	9,796,191	8,904,929	18,701,120	9,836,257	1,835,273	11,671,530
2012	10,155,304	9,528,373	19,683,677	9,962,653	1,779,080	11,741,733
2013	10,033,126	9,842,751	19,875,877	10,033,252	1,761,019	11,794,271
2014	10,342,784	9,877,147	20,219,931	9,844,866	2,179,848	12,024,714
<u>5 months ended 2/28</u>						
2014	4,199,377	4,153,038	8,352,415	4,008,869	846,581	4,855,450
2015	4,337,821	4,205,227	8,543,048	4,310,005	1,070,478	5,380,483

Source: Miami-Dade County Aviation Department; Broward County Aviation Department.

The table below shows the top-ten domestic and international markets to and from which enplaning and deplaning passengers at MIA are traveling.

**TOP TEN MARKETS AND TOTAL PASSENGERS  
(12 Months Ended December 31, 2014)**

<b>Domestic</b>		<b>International</b>	
<u>City</u>	<u>Passengers</u>	<u>Country</u>	<u>Passengers</u>
1. New York, New York	3,195,473	1. Brazil	2,179,529
2. Atlanta, Georgia	1,568,801	2. Colombia	1,254,658
3. Dallas/Fort Worth, Texas	1,111,315	3. Mexico	1,184,956
4. Los Angeles, California	1,034,811	4. Dominican Republic	1,039,322
5. Washington, D.C.	1,031,521	5. United Kingdom	967,107
6. Chicago, Illinois	1,021,346	6. Venezuela	772,673
7. Orlando, Florida	971,891	7. Canada	766,575
8. Charlotte, North Carolina	829,673	8. Argentina	740,314
9. Houston, Texas	735,421	9. Panama	709,854
10. Boston, Massachusetts	719,461	10. Peru	706,691

Source: U.S. DOT Schedule, T100 (Database 2014).

The table below shows (1) international enplaned and deplaned passengers as a percentage of total enplaned and deplaned passengers at MIA and (2) international cargo as a percentage of total cargo at MIA.

[UPDATE TABLE]

**AIRPORT INTERNATIONAL ACTIVITY  
PERCENTAGES OF PASSENGERS AND CARGO  
(For the Fiscal Year Ended September 30)**

<b>Fiscal Year</b>	<b>Enplaned and Deplaned International Passengers as a Percentage of Total Passengers</b>	<b>Enplaned and Deplaned International Cargo as a Percentage of Total Cargo</b>
2005	46%	83%
2006	45	84
2007	46	84
2008	47	86
2009	47	87
2010	47	88
2011	48	88
2012	49	86
2013	50	87
2014	49	88

Source: Miami-Dade County Aviation Department.

The table below shows the number and percentage of Origin-Destination enplaned passengers versus connecting enplaned passengers at each of the selected airports.

[UPDATE TABLE]

**ENPLANED PASSENGERS FROM THE U.S. TO THE CARIBBEAN,  
CENTRAL AMERICA AND SOUTH AMERICA  
AT SELECTED U.S. GATEWAY AIRPORTS**

<b>12 Months Ended September 30, 2014</b>	<b>Origin-Destination Enplaned Passengers</b>		<b>Connecting Enplaned Passengers</b>		
<b><u>Airport</u></b>	<b><u>O&amp;D</u></b>	<b><u>% of Total</u></b>	<b><u>Connecting</u></b>	<b><u>% of Total</u></b>	<b><u>Total</u></b>
<b>MIA</b>	<b>4,849,107</b>	<b>65.1%</b>	<b>2,602,864</b>	<b>34.9%</b>	<b>7,451,971</b>
New York (JFK - LGA - EWR)	4,285,079	89.6	497,046	10.4	4,782,125
ATL	567,668	28.2	1,448,177	71.8	2,015,845
IAH/Houston	532,041	37.7	877,821	62.3	1,409,862
DFW/Dallas/Fort Worth	218,350	35.7	392,986	64.3	611,336
ORD/Chicago O'Hare	206,953	75.5	67,174	24.5	274,127

Source: U.S. DOT, Schedules T100 and 298C T1; *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1

Note: Mexico not included. Domestic-to-international connections only. International-to-international connections are included with O&D figure.

The table below shows the number of outbound Origin-Destination passengers from MIA to the selected destinations for the past ten fiscal years.

[UPDATE TABLE]

**INTERNATIONAL ORIGIN-DESTINATION OUTBOUND PASSENGERS**  
(In thousands)

Fiscal Year End September 30,	South America	Central America	Mexico	Caribbean	Transatlantic (Europe, Mid- East, Africa)	Canada	Total
2005	1,266	551	304	876	987	178	4,163
2006	1,232	517	298	898	915	187	4,048
2007	1,314	536	331	892	936	174	4,182
2008	1,403	542	345	932	992	166	4,380
2009	1,430	590	295	868	966	164	4,314
2010	1,464	566	301	906	963	215	4,415
2011	1,722	566	300	883	1,126	216	4,812
2012	1,950	619	355	933	1,227	233	5,316
2013	2,212	635	362	900	1,234	273	5,616
2014	2,209	612	341	865	1,214	204	5,445

Source: U.S. DOT, Schedules T100 and 298C T1; *Air Passenger Origin Destination Survey*, reconciled to Schedules T100 and 298C T1  
 Note: Because foreign-flag carriers do not report passenger numbers to the U.S. DOT O&D Survey, estimates prepared by LeighFisher were used to develop the data in the above table to include passengers on scheduled flights only.  
 Rows may not add to totals shown because of rounding.

### Airlines Serving the Airport

As of September 30, 2015, scheduled service was provided at the Airport by 84 airlines; of these, 55 provide domestic or international passenger or passenger-cargo combination service, and 29 provide scheduled all-cargo service. The number of carriers providing scheduled service varies monthly. As of September 30, 2015, non-scheduled service on charter authority was provided by 17 airlines, 6 of which provide domestic or international passenger or passenger cargo combination service, and 11 of which provide all cargo service.

### 55 SCHEDULED PASSENGER/CARGO COMBINATION CARRIERS

#### 9 U.S. Scheduled Passenger/Cargo Combination Carriers, including Commuters

American Airlines*	SkyWest (United Airlines)
American Eagle (Enoy Air)	Sun Country*
American Eagle (Republic Airways)	United Airlines*
Delta Air Lines*	
ExecAir*	
Frontier Airlines	

Source: Miami-Dade County Aviation Department.

\* Signatory Airline

#### 46 Foreign Scheduled Passenger/Cargo Combination Carriers

Aeroflot (Russia)*	Interjet (Mexico)*
Aerolineas Argentinas (Argentina)*	Jetairfly (Belgium)*
Aeromexico (Mexico)*	LAN Argentina (Argentina)
Air Berlin (Germany)*	LAN (Chile)*
Air Canada (Canada)*	LAN Colombia (Colombia)*
Air Europa (Spain)*	LAN Ecuador (Ecuador)
Air France (France)*	LAN Peru (Peru)
Alitalia (Italy)*	Lufthansa (Germany)*
Aruba Airlines (Aruba)	Qatar Airways (Qatar)
Austrian Airlines (Austria)	Santa Barbara Airlines (Venezuela)*
Avianca (Colombia)*	Surinam Airways (Suriname)*
Avior (Venezuela)	Swiss International Airlines (Switzerland)*
Bahamasair (Bahamas)*	TACA International (El Salvador)*
BOA – Boliviana de Aviacion (Bolivia)*	TACA Peru (Peru)
British Airways (United Kingdom)*	TAM (Brazil)*
Caribbean Airlines (Trinidad and Tobago)*	TAP Air Portugal (Portugal)*
Cayman Airways (Cayman Islands)*	Thomas Cook (Seasonal) (United Kingdom)
COPA (Panama)*	Transaero Airlines (Russia)*
Finnair (Seasonal) (Finland)	TUIFLY (Netherlands)
GOL (Brazil)*	Turkish Airlines (Turkey)
Iberia (Spain)*	Virgin Atlantic (United Kingdom)*
Inselair Aruba (Aruba)*	WestJet (Canada)*
Insel Air International (Curacao)*	XL Airways (France) <sup>(1)*</sup>

Source: Miami-Dade County Aviation Department.

\* Signatory Airline

<sup>(1)</sup> This airline generally operates flights seasonally.

#### 26 SCHEDULED ALL CARGO CARRIERS

##### 13 U.S. Scheduled All Cargo Carriers

ABX Air\*  
 Ameriflight\*  
 Amerijet\*  
 Atlas Air (separate passenger charter service)\*  
 Centurion Air Cargo  
 DHL Express\*  
 Dynamic Airways  
 Federal Express (FedEx)\*  
 IBC Airways  
 Mountain Air Cargo (FedEx Feeder)  
 SkyLease (Tradewinds Airlines)  
 United Parcel Service (UPS)\*  
 Western Global Airlines

##### 16 Foreign Scheduled All Cargo Carriers

ABSA (Brazil)  
 Asiana Airlines (Korea)  
 Cargolux Airlines Int'l (Luxembourg)  
 Cathay Pacific Airways (Hong Kong)  
 China Airlines (Taiwan)\*  
 DHL Aeroexpreso (Panama)\*  
 Estafeta (Mexico)\*  
 Korean Air (Korea)\*  
 KLM/Martinair Cargo (Holland)\*  
 LAN Cargo (Chile)\*  
 LANCO (Colombia)\*  
 Mas Air (Mexico)  
 Ocean Air dba Avianca Brazil (Brazil)  
 Tampa Cargo (Colombia)\*  
 Transcarga Int'l Airways (Venezuela)  
 Transportes Aereos Bolivianos (Bolivia)

Source: Miami-Dade County Aviation Department

\* Signatory Airline

### 17 NON-SCHEDULED SERVICE CARRIERS

#### 6 U.S. Passenger/Cargo Combination Carriers

Aztec Airways  
Eastern Airlines  
Miami Air International\*  
Swift Air\*  
World Atlantic Airlines  
Xtra Airways\*

#### 11 U.S. All Cargo Carriers

Air Transport International\*  
Ameristar  
Florida Air Cargo  
Florida West\*  
IFL Group  
Kalitta Air  
Martinaire Aviation  
Miami Air Lease\*  
Pratts Air\*  
Sky Way Enterprises  
Sunrise Airlines, Inc. (Millon Express)

Source: Miami-Dade County Aviation Department.

\* Signatory Airline

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Selected Carrier Activity

[UPDATE TABLE]

ENPLANED PASSENGERS

	Six Months Ended March 15						Twelve Months Ended September 30					
	2015			2014			2014			2013		
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	Number	% of Total	Number
American Airlines	6,222,897	59.79	6,318,214	62.14	12,520,842	61.92	12,526,559	63.02	12,478,365	63.39	11,797,691	63.09
Delta Airlines	606,396	5.83	568,930	5.60	1,158,382	5.73	1,098,544	5.53	1,139,203	5.79	1,123,049	6.01
American Eagle	528,131	5.07	476,516	4.69	945,981	4.68	926,989	4.66	941,102	4.78	936,838	5.01
US Airways	318,625	3.06	264,845	2.60	636,877	3.15	435,356	2.19	397,606	2.02	390,611	2.09
TAM Linhas Aereas	252,714	2.43	229,780	2.26	464,246	2.30	412,425	2.07	343,749	1.75	327,869	1.75
United Airlines*	251,303	2.41	268,812	2.64	459,851	2.27	341,034	1.72	162,093	0.82	78,807	0.42
Avianca	156,147	1.50	159,972	1.57	314,699	1.56	317,591	1.60	286,842	1.46	290,349	1.55
COPA Airlines	132,502	1.27	125,901	1.24	248,938	1.23	225,169	1.13	196,541	1.00	143,647	0.77
British Airways	121,682	1.17	129,280	1.27	237,449	1.17	267,125	1.34	285,852	1.45	224,187	1.20
Lufthansa	100,494	0.97	84,300	0.83	172,749	0.86	174,322	0.88	172,751	0.88	193,454	1.03
All Others	1,717,171	16.50	1,541,125	15.16	3,034,655	15.01	3,143,928	15.82	3,305,948	16.80	3,274,028	17.50
Total	10,408,062	100.00	10,167,675	100.00	20,219,931	100.00	19,877,694	100.00	19,683,678	100.00	18,701,120	100.00

Source: Miami-Dade County Aviation Department

Note: Percentages may not total 100% due to rounding.

\*United Airlines and Continental Airlines completed their merger in October 2010.

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[UPDATE TABLE]

COMMERCIAL AIRCRAFT LANDED WEIGHT (1,000 LBS.)

	Six Months Ended March 15				Twelve Months Ended September 30							
	2015		2014		2014		2013		2012		2011	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
American Airlines	8,206,100	44.61	8,522,514	47.45	16,614,648	47.07	16,368,590	47.53	15,782,559	47.04	15,386,003	47.31
Delta Airlines	657,465	3.57	651,362	3.63	1,262,237	3.57	1,213,682	3.52	1,358,814	4.05	1,429,165	4.40
American Eagle	631,822	3.43	518,280	2.88	1,009,044	2.86	1,019,951	2.96	1,041,121	3.10	1,071,462	3.30
United Parcel Service	554,362	3.01	493,174	2.75	985,740	2.79	924,488	2.68	908,778	2.71	834,917	2.57
LATAM Airlines	444,085	2.41	431,925	2.40	843,740	2.39	906,820	2.63	820,295	2.45	792,290	2.44
TAM Linhas Aereas	424,248	2.31	394,224	2.20	791,436	2.24	804,985	2.34	637,194	1.90	627,038	1.93
US Airways	421,028	2.29	280,705	1.56	715,255	2.03	461,025	1.34	414,180	1.23	410,875	1.26
Tampa Cargo S.A.	401,446	2.18	302,862	1.69	656,735	1.86	537,217	1.56	470,232	1.41	433,280	1.33
AtlasAir	363,955	1.98	309,995	1.73	622,140	1.76	553,330	1.55	490,849	1.46	410,888	1.26
ABX Air	350,524	1.91	390,464	2.17	746,936	2.12	725,284	2.11	677,490	2.02	503,028	1.55
All Others	5,941,626	32.30	5,664,176	31.54	11,050,585	31.31	10,943,006	31.78	10,946,674	32.63	10,617,586	32.65
Total	18,396,661	100.00	17,959,681	100.00	35,298,496	100.00	34,438,378	100.00	33,548,186	100.00	32,516,532	100.00

Source: Miami-Dade County Aviation Department.

Note: Percentages may not total 100% due to rounding.

**[UPDATE TABLE]**

	Six Months Ended March				Twelve Months Ended September 30							
	<u>2015</u>		<u>2014</u>		<u>2014</u>		<u>2013</u>		<u>2012</u>		<u>2011</u>	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
American Airlines	88,886	43.21	89,715	44.00	177,620	44.71	173,207	44.03	165,963	42.56	160,456	41.54
American Eagle	23,040	11.20	24,743	12.13	48,178	12.13	48,491	12.33	47,554	12.20	48,557	12.57
Delta Airlines	9,103	4.42	8,717	4.28	17,387	4.38	16,851	4.28	19,487	5.00	21,530	5.58
US Airways	5,180	2.52	3,717	1.82	9,603	2.42	6,896	1.75	6,717	1.72	6,580	1.70
United Parcel Service	3,932	1.91	3,716	1.82	7,221	1.82	7,020	1.78	7,067	1.81	6,964	1.80
United Airlines*	3,786	1.84	4,607	2.26	7,766	1.95	6,121	1.56	3,832	0.98	1,895	0.50
Avianca	2,506	1.22	2,500	1.23	4,911	1.24	4,844	1.23	4,354	1.12	4,301	1.11
ABX Air	2,490	1.21	2,742	1.34	5,251	1.32	5,260	1.34	5,026	1.29	3,768	0.98
IBC Airways	2,130	1.04	2,423	1.19	4,399	1.10	5,635	1.43	6,531	1.67	7,132	1.85
Amerijet Int'l	2,114	1.03	1,976	0.97	3,654	0.92	3,602	0.92	3,574	0.92	3,608	0.93
All Others	62,527	30.40	59,054	28.96	111,271	28.01	115,428	29.35	119,814	30.73	121,442	31.44
Total	205,694	100.00	203,910	100.00	397,261	100.00	393,355	100.00	389,919	100.00	386,233	100.00

Source: Miami-Dade County Aviation Department.

Note: Table reflects only commercial flights and excludes military and general aviation flights. Percentages may not total 100% due to rounding.

\*United Airlines and Continental Airlines completed their merger in October 2010.

## **Air Service Incentive Program**

On October 15, 2015, the Airport's fifth Air Service Incentive Program ("ASIP5") was implemented by the Aviation Department. ASIP5 provides incentives for air carriers to establish scheduled domestic and international passenger flights, as well as freight flights from targeted international markets, by offering credits on Landing Fees for a maximum period of 12 months. In addition, ASIP5 offers separate incentive packages for passenger and freighter service initiated from Africa, Asia and the Middle East/Gulf markets by offering credits on Landing Fees for a maximum period of 24 months. ASIP5 also offers any carrier establishing scheduled, international, year-round passenger service to an international destination (city and/or airport) not currently served by MIA by any carrier, the opportunity to participate in a matching-funds advertising campaign to assist in promoting the new route. The Aviation Department will offer the carrier up to \$50,000, to be matched with an equal amount from the carrier, to establish a mutually agreed upon advertising campaign. The collaborative advertising campaign provided under this incentive will begin at commencement of the qualifying new route and will conclude at the end of the 12-month benefit period. Service from Africa, Asia and the Middle East/Gulf markets will be offered up to \$100,000 per year for two separate years. The new service associated with the marketing support incentive must operate for 12 consecutive months, and will then qualify for the second-year advertising funds allocation with the Aviation Department. The primary goal of ASIP5 is to stimulate domestic passenger, international passenger and cargo service at the Airport, and to increase revenues at the Airport. Even with a waiver of Landing Fees, each new flight generates revenue, including, but not limited to, concourse user fees, terminal rental and other fees, and PFCs. The following airlines are receiving incentives under the ASIP5: Frontier Airlines (US passenger carrier), Austrian Airlines (foreign passenger carrier) and Turkish Airlines (foreign passenger carrier). These airlines will be receiving aggregate landing fee benefits totaling \$710,411 at the conclusion of the promotional periods. Due to the separate incentive package offered for service initiated from Africa, Asia and the Middle East/Gulf markets, Turkish Airlines' promotional period will extend for a second year:

In addition, the Aviation Department will offer up to \$100,000 per year, for two separate years, to promote the Turkish Airlines' services with the airline matching \$100,000 per year. The Austrian Airline service to Vienna, Austria also qualifies for the \$50,000 for one year as Vienna is an international destination not served by any other carrier.

## **CAPITAL PROJECTS**

### **[UPDATE AS NECESSARY-REFLECTS CP OFFERING MEMO UPDATES]**

As part of its ongoing review of the Airport's master plan, the Aviation Department is defining a path to optimize and expand the functionality of existing terminal building assets. Most of the terminal building (the North and South Terminals) was renovated and expanded as part of a capital improvement program (CIP) that began in 1994 and was substantially complete by the end of 2014. The Central Terminal was largely untouched by the CIP, so the Aviation Department has created a near to mid-term capital program to modernize these older terminal facilities over the next 5 to 10 years so that the facilities can be used during the next 20 to 30 years; it is referred to as the Terminal Optimization Program (TOP) and is discussed in more detail below. The Aviation Department has also identified mid to long-term needs beginning after 2025 that would completely replace the Central Terminal beginning with Concourse G. In addition, the Aviation Department has some ongoing Capital Projects that due to timing were carved out from the CIP and are referred to as the CIP Carryover Projects, as discussed in greater detail below.

### **CIP and CIP Carryover Projects**

From 1994 to 2014, the Aviation Department made numerous capital improvements to the Airport, most of which were to the Terminal Building. These terminal improvements included (1) the addition of Concourse A (now part of Concourse D); (2) the renovation of Concourse H; (3) the addition of Concourse J (which, with Concourse H, is referred to as the "South Terminal"); and (4) the complete reconfiguration of the concourses in the North Terminal by joining Concourses A and D (and demolishing Concourses B and C), to make a linear concourse now referred to as Concourse D. In addition, the Aviation Department (a) installed a state-of-the-art baggage handling system in the North Terminal for the Airport's hub carrier, American Airlines, (b) built a new federal inspections

services area, and (c) made major cosmetic improvements to the front of the North and South Terminals. Other non-terminal major improvements made by the Aviation Department as part of the CIP include (a) the addition of a fourth runway (8L-26R), (b) the addition of a 1,540-space parking garage, (c) the extension of Upper and Lower Terminal Vehicular Drives, and (d) the addition of six new cargo facilities totaling 1.09 million square feet of space. All of these improvements contributed materially to making the Airport a modern airport with growth capacity, especially for international operations.

As of September 30, 2015, the CIP budget had been expended with all the major programs being finished except for some minor final close-out work. The balance of CIP projects with work to be completed (the "CIP Carryover Projects"), along with the funding sources for these projects, are noted on the table below; most of the funding is to come from remaining proceeds from prior bond issues. The major portion of this work is anticipated to be completed by the end of Fiscal Year 2018.

**CIP CARRYOVER PROJECTS AND FUNDING SOURCES**  
**Miami-Dade Aviation Department**  
**As of September 30, 2015**

Project Description	Remaining CIP Budget	Funding Sources			
		AIP Grants	FDOT Grants	Aviation Revenue Bonds	General Obligation Backed Bonds
Airside Projects	\$58,586,092	\$31,737,416	\$15,572,089	\$3,024,892	\$8,251,695
Terminal Projects	14,067,569			14,067,569	
Landside Projects	17,871,215			4,007,685	13,863,530
Support Projects	<u>38,395,478</u>		<u>3,315,400</u>	<u>35,080,078</u>	
Total	<u>\$128,920,354</u>	<u>\$31,737,416</u>	<u>\$18,887,489</u>	<u>\$56,180,224</u>	<u>\$22,115,225</u>

**Terminal Optimization Program (TOP)**

The TOP is scheduled to be done in two phases, with Phase I to cover the Fiscal Year 2015 to Fiscal Year 2018 time period and Phase II to start in Fiscal Year 2019 and finish in Fiscal Year 2025. For purposes of future planning, only the funding sources related to Phase I have been identified and Phase II will be determined in the future. In the table appearing on the next page, the costs related to both phases are presented at the subprogram level. The funding sources for Phase I are presented in the subsequent table.

The major subprograms within the TOP consist of MIA Central Base Apron and Utilities, Concourse E, South Terminal and Miscellaneous Projects with Phase I estimated to cost \$651 million and Phase II \$498 million for a total of \$1.15 billion. The Concourse E subprogram represents the major portion of the costs in Phase I and is necessary for the Airport to meet the expansion needs of the Airport's hub carrier, American Airlines, and to provide a safe and efficient terminal facility. The terminal renovation work will include replacing all the loading bridges, elevators, escalators, the train that connects remote or Concourse E Satellite with the base or Lower Concourse E, roof, and finishes (e.g., flooring, holdroom seating) and upgrading the life safety features. In addition, the entire airside apron pavement area surrounding Concourse E Satellite will be rehabilitated as part of this program during Phase I with the Lower Concourse E apron area rehabbed during Phase II.

As of September 30, 2015, the Concourse E subprogram had the following four projects under construction:

- MIA Lower Concourse E Renovations which consists of three work packages. Package 1 consists of interior renovations and was completed within budget and schedule, except for a break room on the second floor, which is scheduled to start during the first quarter of 2016. Package 2 consists of carpet replacement, terrazzo, seating, and restroom upgrades. This package is ongoing and scheduled to be completed in the first quarter of 2016. Package 3 consists of signage, glass door replacements, and life safety improvements, and is scheduled to start in the second quarter of 2016.

- MIA Lower Concourse E Passenger Loading Bridges which consists of four new loading bridges, the refurbishment of four existing bridges, and upgrading the 400 Hertz generator room. This project is ongoing and two new loading bridges for gates E6 and E8 have been installed. The balance of this project is scheduled to be completed by the first quarter of 2018.
- MIA Concourse E Satellite Renovations which consists of interior renovations, carpet replacement, terrazzo replacement, restroom upgrades, and signage. This project is ongoing and is scheduled to be completed by the first quarter of 2018.
- MIA Concourse E Satellite APM Replacement which consists of the replacement of the automated people mover train system. This project is ongoing and the south side of the train system is scheduled to be completed in the second quarter of 2016. The balance of the project is scheduled to be completed by the second quarter of 2017.

The MIA Central Base Apron and Utilities subprogram includes the addition of needed aircraft parking hardstand positions. Phase I in this program will consist of placing a culvert in the canal intersecting the northeast portion of the airfield so that the canal can be paved over as part of the airfield as well as reconfiguring and resizing some of the existing aircraft parking apron in that area to increase the overall number of aircraft parking positions. In Phase II, the remainder of the adjoining area will be paved to expand the number of aircraft parking hardstands.

The South Terminal subprogram primarily consists of enhancing and replacing the Central Terminal and South Terminal outbound baggage handling system. The TSA has shown its support for this project by awarding the Aviation Department a \$101.2 million grant to pay for most of this project. Phase I of this program also includes the re-roofing of Concourse H. Phase II includes remodeling the Concourse H Headhouse area to make it into a Concourse H gate, adding an A-380 aircraft capable gate and creating additional aircraft parking hardstand positions east of Concourse J.

As of September 30, 2015 two projects included in the South Terminal subprogram are under design, the Central Terminal and South Terminal Outbound Baggage Handling System and the Concourse H Roof Replacement. The design work for both of these projects is scheduled to be completed in the first quarter of 2016.

The Miscellaneous Projects subprogram includes a wide range of projects such as consolidating the various Airport operations control functions into one location, relocating the taxi lot to enable future airfield expansion, building an employee parking garage to accommodate employee growth for all Airport tenants, and replacing the Central Terminal ticket counters that have been in place for over 20 years. Phase II of the Miscellaneous Projects will include taxiway pavement rehabilitation and Central Terminal aesthetic renovations.

#### **ESTIMATED TERMINAL OPTIMIZATION PROGRAM COSTS**

##### **Miami-Dade Aviation Department**

**As of September 30, 2015**

(in Thousands)

<b>Subprogram Description</b>	<b>Phase I FY 2015-2018</b>	<b>Phase II FY 2019-2025</b>
MIA Central Base Apron and Utilities Projects	\$40,996	\$171,436
Concourse E Projects	301,655	97,222
South Terminal Projects	179,454	133,949
Miscellaneous Projects	80,782	58,538
<b>Sub-Total</b>	<b>\$602,887</b>	<b>\$461,145</b>
Contingency	47,683	37,440
<b>Total</b>	<b>\$650,570</b>	<b>\$498,585</b>

# **TERMINAL OPTIMIZATION PROGRAM FUNDING PLAN – PHASE I ONLY**

**Miami-Dade Aviation Department**

**As of September 30, 2015**

(in Thousands)

Subprogram Description	Phase I Project Costs	FUNDING SOURCES					Aviation Revenue Bonds
		TSA OTA	FDOT Grants	Pay-As-You-Go PFC Revenue	Reserve Maintenance	Improvement Fund	
MIA Central Base Apron and Utilities Projects	\$40,966			\$40,000			\$996
Concourse E Projects	301,655		\$39,411	65,000	\$41,738	\$6,000	149,506
South Terminal Projects	179,454	\$101,200					78,254
Miscellaneous Projects	128,465					50,000	78,465
<b>TOTAL</b>	<b>\$650,570</b>	<b>\$101,200</b>	<b>\$39,411</b>	<b>\$105,000</b>	<b>\$41,738</b>	<b>\$56,000</b>	<b>\$307,221</b>

## **FUNDING SOURCES FOR CAPITAL PROJECTS**

**[UPDATE AS NECESSARY-REFLECTS CP OFFERING MEMO UPDATES]**

### **Federal Grants**

The Airport and Airway Improvement Act of 1982, as amended by the Airport and Airway Safety and Capacity Expansion Act of 1987, created the Airport Improvement Program (AIP) administered by the FAA and funded by the Airport and Airway Trust Fund financed through federal aviation user fees and taxes. Grants-in-aid funds for airport infrastructure improvements to enhance safety, security, capacity and access are made available to airport sponsors in the form of “entitlements” and “discretionary” allocations for eligible projects. The AIP “entitlement” grant amounts vary annually and are based upon an airport’s level of enplaned passengers and air-cargo landed weight in the prior calendar year, the amount of funds appropriated by Congress and any revisions to the statutory formula for calculating such funding. The AIP “discretionary” funds are selectively disbursed based on the competitiveness of the project within the national priority system established by the FAA and are also affected by Congressional actions.

On February 14, 2012, the FAA Modernization and Reform Act of 2012 was signed into law (Pub. L. 112-95). This act is a four-year reauthorization, retroactive to the beginning of the Fiscal Year (October 1, 2011). Passage of this bill provided stability and predictability for the AIP program through Fiscal Year 2015. Furthermore, it provides tools such as “multi-year” grants that allow an airport to commence projects and be confident that future funding will be available to complete the projects. The bill authorized \$3.35 billion dollars for AIP. This is less than the previous years when AIP was \$3.5 billion. See “CERTAIN INVESTMENT CONSIDERATIONS – Federal Legislation.” The U.S. federal budget request for Fiscal Year 2016 proposes to lower funding for the airport grants program to \$2.9 billion, offset in part by eliminating passenger and cargo entitlement funding for large hub airports. The budget also proposes to allow all commercial service airports to increase the non-Federal Passenger Facility Charge, thereby giving airports greater flexibility to generate their own revenue.

Federal aviation grants apportioned (for entitlements) and awarded (for discretionary) to the County for the last five Fiscal Years are as follows:

Fiscal Year	Entitlement		Total
	(Passenger)	(Cargo)	
2012	\$3,009,000	\$6,146,956	\$9,155,956
2013	24,699,164	4,609,258	29,308,422
2014 <sup>(1)</sup>	5,504,372	6,020,940	11,525,312
2015 <sup>(2)</sup>	5,612,523	5,596,994	11,209,517
2016 <sup>(3)</sup>	5,612,523	5,596,994	11,209,517

Source: FAA website and Miami-Dade County Aviation Department.

<sup>(1)</sup> Fiscal Year 2014 grants funds were rolled over to Fiscal Year 2015.

<sup>(2)</sup> Fiscal Year 2015 grants funds were rolled over to Fiscal Year 2016.

<sup>(3)</sup> Unofficial figures.

In Fiscal Years 2014 and 2015, the Aviation Department requested the FAA to roll over entitlement funds to Fiscal Year 2016 because the Aviation Department was assessing the TOP planning and implementation strategies for various projects. On August 19, 2013, the County received a grant from the FAA for the construction of MIA Runway 12/30 and Taxiways "P", "Q", and "R" and MIA Additional Air Cargo Apron projects for a total of \$29,187,416 toward the total construction cost of \$46,406,993. All of these projects are included within the CIP Carryover Projects.

### State Grants

Aviation projects throughout the State are funded by the State through fuel taxes. Approximately 60% of state airport funding comes from the aviation fuel tax, with the remaining 40% generated by highway fuel taxes. State funding of aviation projects is made through the FDOT under Chapter 332 of the Florida Statutes. The State's aviation grant funds are non-competitive grants for non-exclusive use capital projects that are similar to the scope and eligibility criteria of projects eligible for FAA funding. These grants are generally used to supplement federal and local funds by providing 50% of the County's local share of eligible project costs at the Airport and at the general aviation airports when federal funds are available or 50% of the County's eligible project costs at the Airport and 80% at the general aviation airports when federal funds are not available. FDOT personnel are authorized to commit State aviation grant funds through its five-year capital improvement program, known as the five-year work plan, to publicly owned, public use airports in the State. FDOT bases its grant allocations on FDOT funding policies that give priority to matching federal funds and projects involving safety, security, preservation and maintenance of facilities and capacity.

FDOT grants received by the County for the last five fiscal years are as follows:

Fiscal Year	AIP	Discretionary	Total Collected <sup>(1)</sup>
2012	\$ 6,705,700	\$2,350,191	\$ 9,055,891
2013	13,215,062	5,752,973	18,968,035
2014	10,272,049	9,022,093	19,294,142
2015	17,946,782	4,742,311	22,689,093
2016	22,690,713	4,619,408	27,310,121

Source: FAA website and Miami-Dade County Aviation Department.

<sup>(1)</sup> 2016 figures represent amounts awarded to the County but only collected in part.

The Aviation Department's five-year work plan for Fiscal Years 2016 through 2021 contemplates the receipt of \$130.1 million of FDOT aviation grants. FDOT has allocated grant funds in the amount of \$48.5 million for the construction of the MIA Central Boulevard Widening, Re-alignment and Service Loop Project under a Joint Participation Agreement pursuant to which the Miami-Dade County Expressway Authority ("MDX") is assuming the cost of the project in exchange for a perpetual easement and assignment of the FDOT grant to MDX.



## Passenger Facility Charges

The Airport currently collects passenger facility charges (“PFCs”) with a charge of \$4.50 on each passenger enplaned on an air carrier at the Airport, subject to certain limitations. PFCs must be used to finance specific eligible projects as described below. Currently, PFCs are capped at \$4.50 per segment of flight (up to a maximum of \$18.00 on round trip). In the past, proposed federal legislation has contemplated an increase of \$2.00 to \$4.00 per segment, but to date, no such increase has been authorized. See “CERTAIN INVESTMENT CONSIDERATIONS – Federal Legislation.”

The amount of actual PFC revenues will vary depending on actual levels of passenger enplanements at the Airport and, accordingly, no assurance can be given as to the timing or amount of PFC revenues that will be available. The FAA may terminate the Aviation Department’s ability to collect PFCs if the FAA determines that the Aviation Department is in violation of the PFC Act or the regulations promulgated under the PFC Act (“PFC Regulations”) or certain provisions of the Airport Noise and Capacity Act of 1990 (the “Noise Act”). Both the PFC Regulations and the Noise Act, however, provide procedural safeguards that limit the FAA’s ability to summarily terminate the Aviation Department’s ability to impose PFCs.

Under the PFC Regulations, PFC revenues can only be used to pay the costs of approved projects or debt service and financing costs associated with bonds issued for such projects. PFC revenues are currently not included in Revenues under the Trust Agreement and must be applied specifically as required by the PFC Regulations. Accordingly, PFC revenues are not pledged to or held by the Trustee for the benefit of the owners of the Bonds unless and until they are specifically pledged pursuant to a resolution of the Board. However, the County intends to continue its current practice of depositing a portion of the PFCs into the Sinking Fund at the beginning of each Fiscal Year, which is credited against the Principal and Interest Requirements on the Bonds for that particular Fiscal Year. Under the definition of Principal and Interest Requirements in the Trust Agreement, the County is allowed to exclude from the computation of Principal and Interest Requirements any funds set aside or deposited for purposes of paying debt service in that Fiscal Year. Therefore, in calculating its rate covenant requirement, the County reduces the Principal and Interest Requirements by the amount of PFC revenue set aside per the Annual Budget for debt service payment in that Fiscal Year, thus reducing the coverage amount otherwise required. See “SECURITY FOR THE SERIES 2016 BONDS – Rate Covenant.”

On October 6, 2014, the Aviation Department transferred \$55 million in PFC revenues to the Sinking Fund for payment of the Fiscal Year 2015 Principal and Interest Requirements, with such revenues primarily generated from PFCs collected in the prior fiscal year. The balance in the PFC Revenue Account as of September 30, 2015 was \$175.9 million. On October 7, 2015, the Aviation Department transferred \$53 million in PFC revenues to the Sinking Fund for payment of Fiscal Year 2016 Principal and Interest Requirements.

The FAA authorized the Aviation Department to impose a PFC of \$3 per passenger commencing November 1, 1994. On October 21, 2001, the FAA approved a PFC collection level of \$4.50 with an effective date of January 1, 2002. In December 2002, the FAA approved an application that enables the Aviation Department to use PFC revenues to pay debt service related to the North and South Terminal Programs. As mentioned under the heading “AVIATION-RELATED DEBT – Possible Future Indebtedness; Other Capital Expenditures,” in Fiscal Year 2016, the Aviation Department plans to use PFC revenues to fund a portion of the TOP Phase I, which will require the Aviation Department to submit another PFC application to fund on a pay-as-you-go basis a portion of the PFC eligible project costs related to the TOP Phase I.

The Aviation Department has been authorized to collect PFCs in the estimated aggregate amount of \$2.6 billion. This authorization is currently scheduled to expire in October 2035. The amount of PFC collections from inception through September 30, 2015 was \$1.1 billion and with interest was approximately \$1.2 billion. Of this amount, the Aviation Department has expended \$996.5 million as of September 30, 2015. Under generally accepted accounting principles, PFCs are reported as non-operating revenues. Aviation Department annual PFC collections since inception through Fiscal Year 2015 are as follows:

<u>Fiscal Year</u>	<u>PFC Collections</u>
1995	\$24,338,247
1996	38,187,434
1997	35,491,604
1998	36,424,124
1999	39,164,381
2000	35,707,692
2001	37,298,407
2002	42,868,403
2003	50,746,842
2004	53,877,379
2005	53,969,695
2006	51,978,979
2007	59,295,761
2008	60,822,212
2009	58,476,343
2010	61,682,383
2011	67,376,838
2012	71,090,000
2013	75,085,113
2014	69,204,436
2015	82,235,233

[For the quarter ending March 31, 2016, PFC collections were \$\_\_\_\_\_ versus \$\_\_\_\_\_ for the corresponding period in 2015.]

#### **Reserve Maintenance Fund and Improvement Fund**

Reserve Maintenance Fund monies are used to fund renewal and replacement projects. However, the Aviation Director in previous years has requested that some monies from the Revenue Fund be set aside in the Reserve Maintenance Fund to finance various major maintenance projects such as the Central Chiller replacement as well as the Concourse E Satellite Train replacement, which is part of the TOP.

The Aviation Department has set aside \$50 million in the Improvement Fund from the Fiscal Year 2014 surplus (the "2014 Surplus") as authorized by the MAAC. Per the AUAs, any surplus monies in the Improvement Fund resulting from better than expected financial results (i.e., actual revenues exceeding budgeted estimates and actual operating expenses being under budget), are to be used to offset the subsequent year's expenses in the annual landing fee calculation unless the MAAC authorizes a set-aside, as it did in Fiscal Year 2014. Through December 2015, the MAAC has authorized usage of \$2.5 million from the 2014 Surplus for the relocation of the Aviation Department's identification badging office from the heliport to within the Terminal Building. In Fiscal Year 2016, the Aviation Department is planning to request MAAC authorization for the construction of an Airport employee parking garage, which is in the TOP Miscellaneous Projects subprogram, with funds from the 2014 Surplus.

#### **Other Revenues**

In Fiscal Year 2013, TSA issued a \$101.2 million "other transaction agreement" (OTA) for MIA Checked Baggage Recapitalization Screening Design and Construction Services project for the South Terminal, which is included in the TOP under the South Terminal Projects subprogram. As of September 30, 2015, the Aviation Department had not received any payments from this grant, but believes that reimbursement of these project costs will begin in 2016.

#### **Bond Authorizations**

Ordinances previously enacted by the Board have authorized the issuance of up to \$6.2 billion in aviation revenue bonds, of which approximately \$5,917,820,000 were issued, with the remaining \$282,180,000 authorized

but not issued to fund projects at the Airport. The issuance of aviation revenue bonds beyond the authorized amounts would require enactment of an additional ordinance or ordinances by the Board. Refunding Bonds are not limited by such authorizations.

## **AVIATION DEPARTMENT FINANCIAL INFORMATION**

**[UPDATE AS NECESSARY]**

The tables included in this section present a summary of the financial operating results of the Port Authority Properties for Fiscal Year 2011 through Fiscal Year 2015 and for the six-month period ended March 31, 2016 and March 31, 2015.

The information for the six-month periods ended March 31, 2016 and March 31, 2015 are unaudited. The information for Fiscal Years 2011 through 2015 is also derived from unaudited financial statements. The data should be read in conjunction with the financial statements and related notes included in "APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE AVIATION DEPARTMENT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015."

### **Historical Financial Results**

The following table presents a summary of revenues and expenses from Port Authority Properties for the five fiscal years ended September 30, 2015 and includes debt service coverage ratios for those five fiscal years. The method of presentation required under the Trust Agreement and presented in the following table is on a cash basis, which differs from the Aviation Department's financial statements, which are prepared on an accrual basis in accordance with generally accepted accounting principles. The numbers in the summary do not constitute part of the audited financial statements of the Aviation Department. Attached as APPENDIX A are audited financial statements for the Aviation Department for the fiscal year ended September 30, 2015 and September 30, 2014.

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[UPDATE TABLE]

**PORT AUTHORITY PROPERTIES  
HISTORICAL OPERATING RESULTS  
(in thousands)\* (Cash Basis, Unaudited)**

	Fiscal Year Ended September 30					
	March 31					
	2016	2015	2015	2015	2014	2011
MIA Aviation Fees	\$276,006	\$262,976	\$459,833	\$468,555	\$445,883	\$385,669
<b>Commercial Operations:</b>						
Management Agreements	\$ 44,526	\$ 44,521	\$ 88,144	\$ 86,229	\$ 91,024	\$ 80,589
Concessions	92,835	94,719	189,262	188,244	182,114	163,303
Total Commercial Operations	\$137,361	\$139,240	\$277,406	\$274,473	\$273,138	\$227,179
Rentals	\$66,380	\$60,288	\$129,501	\$121,540	\$123,818	\$ 102,947
Other Revenues	7,995	6,568	17,997	22,139	19,047	17,886
Sub-total Revenues	\$487,742	\$469,072	\$884,737	\$886,707	\$861,886	\$733,681
General Aviation Airports	4,381	4,159	8,109	7,372	6,916	6,315
Gross Revenues	\$492,123	\$473,231	\$892,846	\$894,079	\$868,802	\$739,996
<b>Expenses:</b>						
Current Expenses	\$146,983	\$138,986	\$339,840	\$323,331	\$317,965	\$298,309
Current Expenses under Mgmt. Agmt.	10,649	12,133	25,002	26,233	27,196	41,139
Current Expenses under Oper. Agmt.	19,918	17,783	37,989	37,571	38,843	34,090
Total Current Expenses	\$177,550	\$168,902	\$402,831	\$387,135	\$384,004	\$373,538
<b>Net Revenues:</b>						
Less: Reserve Maintenance Fund	\$314,573	\$304,329	\$490,015	\$506,944	\$484,798	\$366,458
Deposit	25,000	17,000	17,000	15,000	17,000	25,000
Net Revenues After Deposits	\$289,573	\$287,329	\$473,015	\$491,944	\$467,798	\$341,458
Total Debt Service	N/A	N/A	\$362,028	\$374,302	\$372,234	\$329,035
Less: PFC Revenue (used for d/s)	N/A	N/A	55,000	54,500	50,000	100,000
Debt Service	N/A	N/A	\$307,028	\$319,802	\$322,234	\$229,035
Debt Service Coverage <sup>(1)(2)</sup>	N/A	N/A	1.54x	1.54x	1.45x	1.49x

Source: Miami-Dade County Aviation Department.

<sup>(1)</sup> During each Fiscal Year, certain monies from the previous Fiscal Year remaining in the Improvement Fund are deposited in the Revenue Fund. The amount of such deposit is included as Revenues and is required by the AUA to be taken into account in determining the amount of the landing fee rate required for the next succeeding Fiscal Year. For the six months ended March 31, 2016, the amount was \$81.4 million; for the six months ended March 31, 2015, the amount was \$77.3 million; for Fiscal Year 2015, the amount was \$77.3, for Fiscal Year 2014, the amount was \$96.0 million; for Fiscal Year 2013, the amount was \$89.2 million; for Fiscal Year 2012, the amount was \$80.4 million, and for Fiscal Year 2011, the amount was \$69.1 million.

<sup>(2)</sup> Calculated in accordance with the Trust Agreement by dividing Net Revenues after deposits by the required Debt Service amount.

\* Numbers may not total due to rounding.

N/A = not applicable

## Management's Discussion of Financial Information

- Aviation fees, consisting mostly of concourse use fees and landing fees, increased by \$22.2 million or 5.0% in Fiscal Year 2014 as compared to Fiscal Year 2013 results. The increase is due primarily to the increase in the underlying terminal rental rate, which is used to calculate the concourse use fees. The Aviation Department also experienced a 2.5% increase in aircraft seats in Fiscal Year 2014 over Fiscal Year 2013. Another reason for this increase is that the Aviation Department realized a \$6.8 million increase in the Fiscal Year 2013 surplus amount over the prior year; the surplus cash amount is transferred in the subsequent Fiscal Year from the Improvement Fund to the Revenue Fund. Aviation fees increased in the first quarter of Fiscal Year 2015 over the same quarter in Fiscal Year 2014 due to increased aviation activity (i.e., aircraft seats) and as a result of an increased transfer of monies from the Improvement Fund to the Revenue Fund (\$28.3 million as of December 31, 2014 versus \$8.4 million as of December 31, 2013).
- In Fiscal Year 2014, the Aviation Department received \$274.5 million in commercial revenues as compared to \$273.1 million in Fiscal Year 2013, which is a \$1.3 million or 0.5% increase. Although rental car revenue increased \$4.3 million (or 9.1%) over the prior Fiscal Year, most of the increase was offset by the \$3.2 million (or 50.9%) revenue decrease in the VIP clubs owned by the Aviation Department and managed by a third party over the prior Fiscal Year. The reason for the significant decrease is that LAN (Chile) took over one of the two VIP clubs in the beginning of Fiscal Year 2014 and is operating it as its own airline club.
- Operating or Current Expenses during Fiscal Year 2014 as compared to Fiscal Year 2013 slightly increased by 0.5%, which continues the trend of previous fiscal years in which the Aviation Department experienced modest growth rates in operating expenses. The Aviation Department has purposefully tried to control operating expenses by keeping them subject to only small increases over the last five years so as to offset the significant increases in debt service. The Aviation Department's ultimate goal is to keep the MIA air carrier's costs per enplaned passenger reasonable.
- The Aviation Department had an extraordinary surplus amount in Fiscal Year 2014 due to actual operating expenses being significantly below budget and operating revenues being above budget. Some of the surplus has been set aside in the Improvement Fund for future capital projects approved by certain MIA air carriers. See the Improvement Fund discussion for further explanation.
- The Aviation Department implemented a personnel reduction plan that resulted in budgeted positions decreasing from a high of 1,868 in Fiscal Year 2006 to 1,206 in Fiscal Year 2012. A portion of the decrease in positions is due to removing police and fire personnel from the Aviation Department's payroll and paying the County's Fire Rescue and Police Departments directly for these services. Excluding the fire and police related changes, personnel went from a high of 1,583 in Fiscal Year 2006 to 1,206 in Fiscal Year 2012, a 23.8% decrease. For Fiscal Year 2014, the adopted budget allowed for a slight increase in personnel to 1,227, which is the same number that was budgeted for Fiscal Year 2013 and represents a 1.7% increase over Fiscal Year 2012.
- The Aviation Department's discretionary cash position has been increasing over the last few years as noted below, primarily due to the increase in the operating reserve requirements and a greater surplus build-up in the Improvement Fund. The Improvement Fund balance for Fiscal Year 2014 includes \$50 million set aside by the members of the MAAC for future capital projects approved by a Majority-in-Interest of the MAAC. Shown below is the Aviation Department's operating cash position as of December 31, 2014 and September 30 for the year noted.

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	<u>Six month period ended</u>	<u>Twelve month period ended September 30</u>		
	<u>March 31, 2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenue Fund <sup>(1)</sup>	\$122,844,728	\$ 90,434,586	\$ 95,692,059	\$100,162,173
Reserve Maintenance Fund	54,814,933	42,360,754	42,010,907	48,347,634
Improvement Fund <sup>(2)</sup>	<u>178,686,943</u>	<u>195,531,833</u>	<u>185,451,475</u>	<u>148,503,932</u>
Total	<u>\$356,346,604</u>	<u>\$228,327,173</u>	<u>\$323,154,441</u>	<u>\$297,013,739</u>

<sup>(1)</sup> Includes the operating reserve requirement, which, as required by the Trust Agreement, was based on 17.0% (2015), 16.5% (2014), and 16.0% (2013) of the Current Expense annual budget amount for the respective Fiscal Years noted.

<sup>(2)</sup> The Improvement Fund balances as of the end of the 2012-2014 Fiscal Years include an amount to be transferred back to the Revenue Fund in the subsequent Fiscal Year as required by the AUA. For Fiscal Year 2015, the amount was \$77.3 million; for Fiscal Year 2014, the amount was \$96.0 million; and for Fiscal Year 2013, the amount was \$89.2 million.

In September 2015, the Board approved the Aviation Department's Fiscal Year 2016 budget. This budget reflects an increase in the landing fee from \$1.58 per thousand pound unit (in Fiscal year 2015) to \$1.68 per thousand pound unit; the Aviation Department's expectation of 2.5% increase in budgeted passengers or 21.3 million enplaned passengers; a \$16.0 million, or 3.5%, increase in Current Expenses; use of \$53.0 million in PFC revenues to pay debt service (compared to \$55.04 million used in Fiscal Year 2015); and an increase from \$17.0 million to \$25.0 million in the annual deposit to the Reserve Maintenance Fund. Overall debt service is increasing by \$1.9 million and with the decrease in the PFC revenue contribution; the net debt service amount is increased by \$4.7 million. Total budgeted positions increased 2.2% from 1,256 in Fiscal Year 2015 to 1,284 in Fiscal Year 2016.

#### **Other Post Employment Benefits and Pension Benefits**

In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45 ("GASB 45"), which addresses how state and local governments should account for and report their costs and obligations related to post-employment health care and other non-pension benefits referred to as other post employment benefits ("OPEB"). GASB 45 generally requires that state and local government employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner they currently do for pensions. Annual OPEB costs for most state and local government employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

The County provides paid medical and dental plans to active employees of the County. The County also provides retirees the opportunity to participate in the group employee health plans. Employees who retire and begin receiving benefits under the Florida Retirement System and who were participants in the existing medical plan at the time of retirement are entitled to participate in the plan. The County contributes to both the pre-65 and post-65 retiree medical coverage. Retirees pay the full cost of dental coverage. Medical contributions vary based on plan and tier selected by the retiree. GASB 45 reporting requirements became effective with the County's fiscal year ending September 30, 2008. The annual OPEB cost in Fiscal Year 2015 was \$1.5 million and the County's current policy is to fund the benefits on a pay-as-you-go basis. As of September 30, 2015, no assets have been segregated and restricted to provide postretirement benefits. During the fiscal years ended September 30, 2015 and 2014, the Aviation Department contributed \$1,340,000 and \$1,245,000, respectively, towards retirees' medical benefits on the pay-as-you-go basis. The Aviation Department reported an OPEB liability of \$2.9 million and \$2.8 million as of September 30, 2015 and 2014 respectively.

In regard to pension benefits, the Aviation Department contributes to the Florida Retirement System (FRS), a cost-sharing multi-employer plan administered by the State of Florida. Through Fiscal Year 2010, the Aviation Department's pension plan was noncontributory. Beginning July 1, 2011, Aviation Department employees were required to make a 3% pretax contribution. Combined with the employees' contribution, the County contributed 100% of the annual (Fiscal Year 2015) required contribution to the FRS, which is consistent with past practices by the County.

Additional information can be found regarding OPEB and the funding of the pension plan in the footnotes section of "APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE AVIATION DEPARTMENT FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2015 AND SEPTEMBER 30, 2014."

## **COUNTY INVESTMENT POLICY**

Pursuant to Florida Statutes, Section 218.45, which requires a written investment policy by the Board, the County adopted an investment policy (the "Investment Policy") which applies to all funds held by or for the benefit of the Board in excess of those required to meet short-term expenses, except for proceeds of bond issues (including the Series 2016 Bonds) which are specifically exempted by Board ordinance or resolution.

The primary objectives of the Investment Policy, listed in order of importance are:

1. the safety of principal;
2. the liquidity of funds; and
3. the maximization of investment income.

The Investment Policy limits the securities eligible for inclusion in the County's portfolio to a maximum maturity of five years. The Investment Policy allows investments in repurchase agreements with a maximum length to maturity of 14 days from the date of purchase; the collateral shall be "marked to market" as needed.

To enhance safety, the Investment Policy requires the diversification of the portfolio to control the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which the instruments are bought and sold. The Investment Policy also requires monthly performance reports to be presented to the County Clerk and to the County's Finance Director, quarterly performance reports to be submitted to the Investment Advisory Committee and an annual report to be presented to the Board within 120 days of the end of the Fiscal Year.

The Investment Policy may be modified by the Board as it deems appropriate to meet the needs of the County.

## **TAX MATTERS**

### **Tax-Exempt Bonds**

#### *General*

In the opinion of Squire Patton Boggs (US) LLP and D. Seaton and Associates, P.A., Bond Counsel, under existing law (i) interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) the Tax-Exempt Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Bond Counsel expresses no opinion as to any other tax consequences regarding the Tax-Exempt Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the County contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Tax-Exempt Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the County's representations and certifications or the continuing compliance with the County's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the County may cause loss of such status and result in the interest on the Tax-Exempt Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Tax-Exempt Bonds. The County has covenanted to take the actions required of it for the interest on the Tax-Exempt Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Tax-Exempt Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds or the market value of the Tax-Exempt Bonds.

A portion of the interest on the Tax-Exempt Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Tax-Exempt Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Tax-Exempt Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Tax-Exempt Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Tax-Exempt Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the owners of the Tax-Exempt Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Tax-Exempt Bonds, under current IRS procedures, the IRS will treat the County as the taxpayer and the beneficial owners of the Tax-Exempt Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Tax-Exempt Bonds.

Prospective purchasers of the Tax-Exempt Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Tax-Exempt Bonds at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

*Risk of Future Legislative Changes and/or Court Decisions*



Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Tax-Exempt Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Tax-Exempt Bonds will not have an adverse effect on the tax status of interest on the Tax-Exempt Bonds or the market value or marketability of the Tax-Exempt Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Tax-Exempt Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Tax-Exempt Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Tax-Exempt Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Tax-Exempt Bonds may be adversely affected and the ability of holders to sell their Tax-Exempt Bonds in the secondary market may be reduced. The Tax-Exempt Bonds are not subject to special mandatory redemption, and the interest rates on the Tax-Exempt Bonds are not subject to adjustment in the event of any such change in the tax treatment of interest on the Tax-Exempt Bonds.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

#### *Original Issue Discount and Original Issue Premium*

Certain of the Tax-Exempt Bonds ("Discount Tax-Exempt Bonds") as indicated on the inside cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Tax-Exempt Bond. The issue price of a Discount Tax-Exempt Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Tax-Exempt Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Tax-Exempt Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Tax-Exempt Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Tax-Exempt Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Tax-Exempt Bond. The amount of OID that accrues each year to a corporate owner of a Discount Tax-Exempt Bond is taken into account in computing the corporation's liability for federal alternative minimum tax. A purchaser of a Discount Tax-Exempt Bond in the initial public offering at the price for that Discount Tax-Exempt Bond stated on the inside cover of this Official Statement who holds that Discount Tax-Exempt Bond to maturity will realize no gain or loss upon the retirement of that Discount Tax-Exempt Bond.

Certain of the Tax-Exempt Bonds ("Premium Tax-Exempt Bonds") as indicated on the inside cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Tax-Exempt Bond, based on the yield to maturity of that Premium Tax-Exempt Bond (or, in the case of a Premium Tax-Exempt Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Tax-Exempt Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Tax-Exempt Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Tax-Exempt Bond, the owner's tax basis in the Premium Tax-Exempt Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Tax-Exempt Bond for an amount equal to or less than the amount paid by the owner for that Premium Tax-Exempt Bond. A purchaser of a Premium Tax-Exempt Bond in the initial public

offering at the price or yield for that Premium Tax-Exempt Bond stated on the inside cover of this Official Statement who holds that Premium Tax-Exempt Bond to maturity (or, in the case of a callable Premium Tax-Exempt Bond, to its earlier call date that results in the lowest yield on that Premium Tax-Exempt Bond) will realize no gain or loss upon the retirement of that Premium Tax-Exempt Bond.

***Owners of Discount Tax-Exempt Bonds and Premium Tax-Exempt Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Tax-Exempt Bonds or Premium Tax-Exempt Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.***

## **Taxable Bonds**

### *General*

In the opinion of Squire Patton Boggs (US) LLP and D. Seaton and Associates, P.A., Bond Counsel, under existing law, the Taxable Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Bond Counsel expresses no opinion as to any other tax consequences regarding the Taxable Bonds.

INTEREST ON THE TAXABLE BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. THE LEGAL DEFEASANCE OF THE TAXABLE BONDS MAY RESULT IN A DEEMED SALE OR EXCHANGE OF THE TAXABLE BONDS UNDER CERTAIN CIRCUMSTANCES; OWNERS OF THE TAXABLE BONDS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE FEDERAL INCOME TAX CONSEQUENCES OF SUCH AN EVENT. PROSPECTIVE PURCHASERS OF THE TAXABLE BONDS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE TAXABLE BONDS.

The following discussion is generally limited to "U.S. owners," meaning beneficial owners of Taxable Bonds that for United States federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), and certain estates or trusts with specific connections to the United States. ***Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their tax advisers regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. owners).***

Prospective purchasers of the Taxable Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Taxable Bonds at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

### *Payment of Interest*

In general, interest paid or accrued on the Taxable Bonds, including qualified stated interest on Discount Taxable Bonds (as defined below), if any, will be treated as ordinary income to U.S. owners. A U.S. owner using the accrual method of accounting for U.S. federal income tax purposes must include interest paid or accrued on the Taxable Bonds in ordinary income as the interest accrues, while a U.S. owner using the cash receipts and disbursements method of accounting for U.S. federal income tax purposes must include interest in ordinary income when payments are received or constructively received by the owner, except as described below under the section entitled "Original Issue Discount and Original Issue Premium."

### *Original Issue Discount and Original Issue Premium*

Certain of the Taxable Bonds ("Discount Taxable Bonds") as indicated on the inside cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Taxable Bond, provided that excess equals or exceeds a statutory *de minimis* amount (one-quarter of one percent of the Discount Taxable Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, if required by applicable Treasury Regulations, to an earlier call date)). The issue price of a Discount Taxable Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Taxable Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Taxable Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the time a U.S. owner owns a Discount Taxable Bond (i) is interest includable in the U.S. owner's gross income for federal income tax purposes, and (ii) is added to the U.S. owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale, or other disposition of the Discount Taxable Bond. The effect of OID is to accelerate the recognition of taxable income for a US owner using the cash method of accounting during the term of the Discount Taxable Bond.

Certain of the Taxable Bonds ("Premium Taxable Bonds") as indicated on the inside cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). If a U.S. owner purchases a Premium Taxable Bond, that owner will be considered to have purchased such Premium Taxable Bond with "amortizable bond premium" equal in amount to such excess. The U.S. owner may elect (which election shall apply to all securities purchased at a premium by such U.S. owner), in accordance with the applicable provisions of Section 171 of the Code, to amortize that premium as an offset to the interest payments on the Premium Taxable Bond using a constant yield to maturity method over the remaining term of the Premium Taxable Bond (or, if required by applicable Treasury Regulations, to an earlier call date). Pursuant to Section 67(b)(11) of the Code, the amortization of that premium is not considered a miscellaneous itemized deduction. Any amortization of bond premium will reduce the basis of the Premium Taxable Bond pursuant to Section 1016(a)(5) of the Code.

***Owners of Discount and Premium Taxable Bonds should consult their tax advisers as to the determination for federal tax purposes of the amount of OID or amortizable bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Taxable Bonds and as to other federal tax consequences and the treatment of OID and amortizable bond premium for purposes of state or local taxes on, or based on, income.***

### *Sale, Exchange, Retirement or Other Taxable Disposition of Taxable Bonds*

Upon the sale, exchange, retirement or other taxable disposition of a Taxable Bond, a U.S. owner will recognize gain or loss equal to the difference between the amount realized from the sale, exchange, retirement or other disposition and the owner's adjusted basis in the Taxable Bond or applicable portion of the adjusted basis. The owner's adjusted basis generally will equal the cost of the Taxable Bond to the owner, increased by any OID includible in the owner's ordinary income for the Taxable Bond and reduced by any principal payments on the Taxable Bond previously received by the owner (including any other payments on the Taxable Bond that are not qualified stated interest payments) and by any amortizable bond premium allowed as a deduction as described above under the section entitled "*Original Issue Discount and Original Issue Premium.*" Any gain or loss recognized upon a sale, exchange, retirement or other disposition of a Taxable Bond (excluding amounts attributable to accrued interest or OID) will generally be capital gain or loss and will be long-term capital gain or loss if the U.S. owner's holding period in the Taxable Bond exceeds one year. Long-term capital gains of individuals are currently eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

### *Information Reporting and Backup Withholding*

General information reporting requirements will apply to payments of principal and interest made on Taxable Bonds and the proceeds of the sale of Taxable Bonds to non-corporate holders of the Taxable Bonds, and

“backup withholding,” currently at a rate of 28%, will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of Taxable Bonds that is a U.S. owner generally can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

#### *Medicare Tax Affecting U.S. Owners*

A U.S. owner of a Taxable Bond that is an individual or estate, or a trust not included in a special class of trusts that is exempt from such tax, is subject to a 3.8% Medicare tax on the lesser of (1) the U.S. owner’s “net investment income” for the taxable year and (2) the excess of the U.S. owner’s modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual’s circumstances). A U.S. owner’s net investment income generally includes interest income on, and net gains from the disposition of, Taxable Bonds, unless such interest income or net gains are derived in the ordinary course of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. owner that is an individual, estate, or trust, should consult its tax adviser regarding the applicability of the Medicare tax.

#### *Non-U.S. Owners*

Under the Code, interest and OID on any Taxable Bond whose beneficial owner is not a U.S. owner are generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on the Taxable Bonds with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest or OID on the Taxable Bonds held by the non-U.S. owner is effectively connected with such trade or business, that interest or OID will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal income tax consequences to a non-U.S. owner. ***Non-U.S. owners should consult their tax advisers regarding the tax consequences of an investment in the Taxable Bonds.***

#### *Foreign Account Tax Compliance Act*

The Foreign Account Tax Compliance Act (“FATCA”) generally imposes a 30% withholding tax on interest payments and proceeds from the sale of interest-bearing obligations for payments made after the relevant effective date to (i) certain foreign financial institutions that fail to certify their FATCA status and (ii) investment funds and non-financial foreign entities if certain disclosure requirements related to direct and indirect United States shareholders and/or United States accountholders are not satisfied.

Under applicable Treasury regulations, the FATCA withholding tax of 30% will generally be imposed, subject to certain exceptions, on payments of (i) interest on Taxable Bonds, and (ii) gross proceeds from the sale or other disposition of Taxable Bonds on or after January 1, 2019, where such payments are made to persons described in the immediately preceding paragraph.

In the case of payments made to a “foreign financial institution” (generally including an investment fund), as a beneficial owner or as an intermediary, the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a “FATCA Agreement”) or (ii) is required by and complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an “IGA”), in either case to, among other things, collect and provide to the U.S. or other relevant tax authorities certain information regarding U.S. account holders of such institution. In the case of payments made to a foreign entity that is not a financial institution (as a beneficial owner), the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such entity either provides the withholding agent with a certification that it does not have any “substantial” U.S. owner (generally, any specified U.S. person that directly or indirectly owns more than a specified percentage of such entity) or identifies its “substantial” U.S. owners.

If Taxable Bonds are held through a foreign financial institution that enters into (or is otherwise subject to) a FATCA Agreement, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign financial institution) generally will be required, subject to certain exceptions, to withhold the 30% FATCA tax on payments of dividends or the items described above made to (i) a person (including an individual) that fails to comply with certain information requests or (ii) a foreign financial institution that has not entered into (and is not otherwise subject to) a FATCA Agreement and that is not required to comply with FATCA pursuant to applicable foreign law enacted in connection with an IGA. Coordinating rules may limit duplicative withholding in cases where the withholding described above in "Non-U.S. Holders" or "Information Reporting and Backup Withholding" also applies.

If any amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from payments on Taxable Bonds as a result of a failure by an investor (or by an institution through which an investor holds the Taxable Bonds) to comply with FATCA, none of the County, any paying agent or any other person would, pursuant to the terms of the Taxable Bonds, be required to pay additional amounts with respect to any Taxable Bond as a result of the deduction or withholding of such tax. *Non-U.S. owners should consult their tax advisers regarding the application of FATCA to the ownership and disposition of Taxable Bonds.*

#### CONTINUING DISCLOSURE

The County has covenanted in the Series 2016 Resolution, in accordance with the provisions of, and to the degree necessary to comply with, the continuing disclosure requirements of Rule 15c2-12, as amended ("Rule 15c2-12") of the SEC, to provide or cause to be provided for the benefit of the beneficial owners of the Series 2016 Bonds to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access System ("EMMA") and in an electronic format prescribed by the MSRB and such other municipal securities information repository as may be required by law or applicable regulation, from time to time (each such information repository, a "MSIR"), the following annual financial information (the "Annual Information"), commencing with the fiscal year ending immediately prior to the issuance of the Series 2016 Bonds:

(1) Revenues and Net Revenues of the Aviation Department and operating information for the prior Fiscal Year of the type and in a form which is generally consistent with the presentation of such information in this Official Statement for the Series 2016 Bonds, and such additional operating information as may be determined by the Aviation Department; and

(2) The audited general purpose financial statements of the Aviation Department utilizing generally accepted accounting principles applicable to local governments.

The information in paragraphs (1) and (2) above is expected to be available on or before June 1 of each year for the preceding Fiscal Year and will be made available, in addition to the Trustee and each MSIR, to each Beneficial Owner of the Series 2016 Bonds who requests such information in writing. The audited general purpose financial statements of the Aviation Department referred to in paragraph (2) above are expected to be available separately from the information in paragraph (1) above and will be provided by the County as soon as practical after the acceptance of such statements from the auditors by the Aviation Department. If not available within eight months from the end of the Fiscal Year, unaudited information will be provided in accordance with the time frame set forth above and audited financial statements will be provided as soon after such time as they become available.

The County has also agreed to provide or cause to be provided, in a timely manner, to each MSIR, in the appropriate format required by law or applicable regulation, notice of its failure to provide the Annual Information with respect to itself on or prior to June 1 following the end of the preceding Fiscal Year.

The foregoing obligations of the County shall remain in effect only so long as the Series 2016 Bonds are Outstanding. The County has reserved the right to terminate its obligation to provide the Annual Information and notices of material events, as set forth above, if and when the County no longer remains an "obligated person" with respect to the Series 2016 Bonds within the meaning of the Rule.

Notwithstanding the foregoing, each MSIR to which information shall be provided shall include each MSIR approved by the SEC prior to the issuance of the Series 2016 Bonds. In the event that the SEC approves any additional MSIRs after the date of issuance of the Series 2016 Bonds, the County will, if the County is notified of such additional MSIRs, provide such information to the additional MSIRs. Failure to provide such information to any new MSIR whose status as a MSIR is unknown to the County shall not constitute a breach of this covenant.

The requirements of filing the Annual Information do not necessitate the preparation of any separate annual report addressing only the Series 2016 Bonds. The requirements may be met by the filing of an annual information statement or the audited general purpose financial statements of the Aviation Department or the County's Comprehensive Annual Financial Report, provided such report includes all of the required Annual Information and is available by June 1 of each year for the preceding Fiscal Year. Additionally, the County may incorporate any information in any prior filing with each MSIR or included in any official statement of the County, provided such official statement is filed with the MSRB.

The County has selected Digital Assurance Certification, L.L.C. ("DAC") to serve as the County's disclosure dissemination agent for purposes of filing the Annual Information as required by the Rule with the MSRB in an electronic format prescribed by the MSRB. During any period that DAC or any other party is acting as disclosure dissemination agent for the County with respect to the County's continuing disclosure obligations, the County will comply with the provisions of any agreement by and between the County and any such disclosure dissemination agent.

The County has reserved the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County, provided that the County has agreed that any such modification will be done in a manner consistent with the Rule.

#### **Obligated Persons**

The County has determined that as of the issuance of the Series 2016 Bonds, the County will be the sole Obligated Person (as defined in the Rule) with respect to the Series 2016 Bonds.

Because the County will be the sole Obligated Person with respect to the Series 2016 Bonds at the time of their issuance, the County's continuing disclosure undertaking does not provide for, and no undertaking is being made by the County or the Aviation Department to update, any information contained in this Official Statement with respect to any individual airline. Under the AUA, each Signatory Airline is contractually obligated to make payments only to the extent of its use of the Airport during any Fiscal Year.

#### **Airline Disclosure**

Copies of the SEC filings (including (i) an Annual Report on Form 10-K, and (ii) a Quarterly Report on Form 10-Q, annual, quarterly and special reports, information statements and other information) for any individual airline which is required to file such reports pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, are available over the Internet at the web site of the Securities and Exchange Commission at <http://www.sec.gov>; or at the SEC's public reference room in Washington, D.C. See also "CERTAIN INVESTMENT CONSIDERATIONS – Airline Economic Considerations - Additional Information on Airlines" for the location of other financial and operating data which may be available as to individual airlines operating at the Airport.

#### **Procedures and Past Performance**

##### **[ANY UPDATES REQUIRED?]**

The County has procedures in place with respect to its continuing disclosure undertakings and, as noted above, utilizes DAC to assist it in its compliance. The following information describes the instances of non-compliance with such undertakings, known to the County, in the past five years.

The County inadvertently failed to provide timely notice of the occurrence of the County's failure to comply with the terms of the rate covenant in the master ordinance (the "Seaport Bond Master Ordinance") for its revenue bonds secured by the Net Revenues of the Seaport Department (the "Seaport Revenue Bonds") and general obligation bonds secured by both the Net Revenues of the Seaport Department and the obligation of the County to budget from ad valorem taxes levied on property in the County without limit as to rate or amount (the "Seaport General Obligation Bonds"), for Fiscal Year 2013. Based on an adjustment to Seaport Revenues for a credit due under cruise line incentive agreement required by the County's outside auditor in the course of performing its annual audit for Fiscal Year 2013, it was determined that the Seaport Department did not have sufficient Seaport Revenues to meet the rate covenant in the Seaport Bond Master Ordinance for Fiscal Year 2013. Due to the timing of the adjustment, the County failed to timely file notice within ten days of the occurrence of the notice event, as required by the Rule. The notice filing with respect to the failure to meet the terms of the rate covenant was cured on April 3, 2014.

With respect to the County's Guaranteed Entitlement Refunding Revenue Bonds, Series 2007 (the "Series 2007 Guaranteed Entitlement Revenue Bonds"), the County has included agreed-upon annual financial information relating to such bonds in its Annual Report to Bondholders filed each year with EMMA, but failed to provide proper indexing of such information in relation to the Series 2007 Guaranteed Entitlement Revenue Bonds. This indexing discrepancy was remedied by the County on April 30, 2014.

In addition, the County inadvertently failed to file notices of ratings downgrades by Standard & Poor's Rating Services of MBIA Insurance Corporation ("MBIA") affecting the insured ratings on certain bonds issued by the County and insured by MBIA. Each of these notice failures was cured by the County on November 22, 2013, April 1, 2014 and April 21, 2015.

With respect to the Fiscal Year 2009, DAC filed on behalf of the County (1) with respect to the County's Series 1995 Seaport Revenue Bonds and Series 1996 Seaport Revenue Bonds, the audited financial statements for the Seaport Department (the "Seaport Audit"), and (2) with respect to the then outstanding Seaport General Obligation Bonds, the County's general audited financial statements (the "County Audit"), which reflect the operations of the Seaport Department as well as other County enterprises. In each subsequent year, DAC, on behalf of the County, has only filed the Seaport Audit in the annual filings for both the Seaport Revenue Bonds and the Seaport General Obligation Bonds.

Subsequent to the retirement in 2012 of the County's Special Housing Revenue Bonds, Series 1998 (the "Housing Bonds"), the County discovered that it had not met certain continuing disclosure obligations with respect to such bonds. The Housing Bonds were not secured by County revenues but were payable solely from revenues derived from the operations of certain rental housing projects, including housing assistance payments funded by the United States Department of Housing and Urban Development.

Two of the County's lead underwriters included the Housing Bonds under their submissions under the SEC's Municipalities Continuing Disclosure Cooperative ("MCDC") initiative. The County does not believe that its prior non-compliance with its undertaking for the Housing Bonds, or any other incident of non-compliance described above, is material, or that filing for the Housing Bonds under the MCDC initiative was warranted.

#### **Limited Information; Limited Rights of Enforcement**

The County's obligation under its continuing disclosure undertaking with respect to the Series 2016 Bonds is limited to supplying limited information at specified times and may not provide all information necessary to determine the value of the Series 2016 Bonds at any particular time.

The County has agreed that its undertaking pursuant to the Rule set forth in the Series 2016 Resolution and this Official Statement is intended to be for the benefit of the Beneficial Owners of the Series 2016 Bonds and shall be enforceable by the Trustee on behalf of such Beneficial Owners in the manner provided in the Trust Agreement if the County fails to cure a breach within a reasonable time after receipt of written notice from a Beneficial Owner that a breach exists; provided that the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the County's obligations in a Federal or State court located within the County and

any failure by the County to comply with the provisions of this undertaking shall not be a default with respect to the Series 2016 Bonds.

### **EMMA System**

Under existing law, County filings of continuing disclosure under the County's continuing disclosure undertaking must be made through the EMMA system (Electronic Municipal Market Access), established and maintained by the MSRB. Investors can access the EMMA system at [www.emma.msrb.org](http://www.emma.msrb.org) and follow the instructions provided on such website to locate filings by the County with respect to the Series 2016 Bonds.

While all filings under the Rule must be made through EMMA, filings made by the County prior to July 1, 2009 with respect to its continuing disclosure obligations relating to the Outstanding Bonds, cannot be found through the EMMA system and must be located through the pre-existing MSIRs.

### **RATINGS**

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), Kroll Bond Rating Agency, Inc. ("KBRA") and Fitch Ratings ("Fitch" and together with S&P and KBRA, the "Ratings Agencies") have assigned the ratings of "\_\_\_" (\_\_\_ outlook), "\_\_\_" (\_\_\_ outlook) and "\_\_\_" (\_\_\_ outlook), respectively, to the Series 2016 Bonds.

The ratings reflect only the view of the Rating Agencies. Any desired explanation of the significance of such ratings should be obtained from the Rating Agency furnishing the same. Generally, the Rating Agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions by them. There is no assurance that the ratings will continue for any given period of time or that the same will not be revised downward or withdrawn entirely by the Rating Agency furnishing the same if, in its judgment circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2016 Bonds.

### **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Series 2016 Bonds upon an event of default under the Trust Agreement are in many respects dependent upon regulatory and judicial actions, which are often subject to discretion and delay. Under existing laws and judicial decisions, the remedies provided for under the Trust Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2016 Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2016 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditors' rights generally and by equitable remedies and proceedings generally.

### **UNDERWRITING**

The Series 2016 Bonds are being purchased by the Underwriters listed on the cover page hereof, for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as representative. Subject to certain conditions, the Underwriters have agreed to purchase all of the Series 2016 Bonds at a purchase price of \$\_\_\_\_\_ representing the original principal amount of \$\_\_\_\_\_, plus [net] original issue premium of \$\_\_\_\_\_ and less an Underwriters' discount of \$\_\_\_\_\_, or approximately \_\_\_\_% of the principal amount of the Series 2016 Bonds. The Bond Purchase Agreement (the "BPA") between the Underwriters and the County will provide that the Underwriters will purchase all of the Series 2016 Bonds, if any are purchased. The yields for the Series 2016 Bonds set forth on the inside cover page may be changed after the initial offering by the Underwriters.

The Underwriters will be compensated by a fee and/or an underwriting discount that will be set forth in the BPA to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the



underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriters may have an incentive to recommend to the issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary unless a larger deal size is deemed by the issuer to be financially beneficial.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the County and to persons and entities with relationships with the County, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, certain of the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the County. Certain of the Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the County as Underwriters) for the distribution of the Series 2016 Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

Citigroup Global Markets Inc., an underwriter of the Series 2016 Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2016 Bonds.

#### **FINANCIAL ADVISOR**

FirstSouthwest, a Division of Hilltop Securities Inc., Miami, Florida served as financial advisor (the "Financial Advisor") to the Aviation Department with respect to the offering of the Series 2016 Bonds. The Financial Advisor has assisted the County in the preparation of this Official Statement and has advised the County as to other matters relating to the planning, structuring and issuance of the Series 2016 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The fee payable to the Financial Advisor is contingent upon the issuance and delivery of the Series 2016 Bonds.

#### **RELATIONSHIPS OF PARTIES**

A number of the firms serving as Bond Counsel, Disclosure Counsel or Underwriters' counsel (1) have represented and may continue to represent the Trustee and one or more of the Underwriters in connection with other transactions in jurisdictions other than the County and (2) represent the County on certain other matters and represent certain other clients in matters adverse to the County.

## **FINANCIAL STATEMENTS**

The financial statements of the Aviation Department as of and for the Fiscal Years ended September 30, 2014 and September 30, 2013 included in APPENDIX A have been audited by KPMG LLP, independent auditors, as stated in their report appearing in APPENDIX A. Such financial statements speak only as of September 30, 2014 and September 30, 2013, respectively, and have been included as a matter of public record. KPMG LLP (1) has not been engaged to perform and has not performed since the date of its report on such financial statements any procedures with respect to such financial statements and (2) has not performed any procedures relating to this Official Statement. The consent of KPMG LLP for the use of the financial statements herein has not been sought. See "APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE AVIATION DEPARTMENT FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND SEPTEMBER 30, 2013."

## **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the issuance of the Series 2016 Bonds are subject to the legal opinions of Squire Patton Boggs (US) LLP, Miami, Florida, and D. Seaton and Associates, P.A., Miami, Florida, Bond Counsel to the County. Certain legal matters will be passed upon for the County by the Office of the Miami-Dade County Attorney. Certain other legal matters relating to disclosure will be passed upon for the County by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, and Liebler, Gonzalez & Portuondo, Miami, Florida, Disclosure Counsel, whose opinions will be delivered with the Series 2016 Bonds. Moskowitz, Mandell, Salim & Simowitz, P.A., Fort Lauderdale, Florida, is acting as counsel to the Underwriters. The fees payable to Bond Counsel, Disclosure Counsel and Underwriters' counsel are contingent upon the issuance and delivery of the Series 2016 Bonds.

The proposed text of the separate legal opinions of Bond Counsel and Disclosure Counsel are set forth as "APPENDIX D – PROPOSED FORM OF BOND COUNSEL OPINION" and "APPENDIX E – PROPOSED FORM OF DISCLOSURE COUNSEL OPINION," respectively. The actual legal opinions to be delivered may vary from the text of APPENDIX D and E, if necessary, to reflect facts and law on the date of delivery of the Series 2016 Bonds. The opinions will speak only as of their date and subsequent distribution of it by recirculation of this Official Statement or otherwise shall not create any implication that subsequent to the date of the opinions Bond Counsel has affirmed its opinion or that Disclosure Counsel has reviewed or expressed any opinion concerning any of the matters referenced in this Official Statement.

The opinion of Bond Counsel will be limited to matters set forth therein and will make no statement regarding the accuracy and completeness of this Official Statement.

The legal opinions of Bond Counsel, Disclosure Counsel and the Office of the Miami-Dade County Attorney are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel, Disclosure Counsel and the Office of the Miami-Dade County Attorney as of the date thereof. Bond Counsel, Disclosure Counsel and the Office of the Miami-Dade County Attorney assume no duty to update or supplement their respective opinions to reflect any facts or circumstances, including changes in law that may thereafter occur or become effective.

The legal opinions to be delivered concurrently with the delivery of the Series 2016 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the attorneys providing such opinion do not become insurers or guarantors of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## LITIGATION

### General

The County is a party, from time to time, to various lawsuits relating to the Airport and the Aviation Department, all of which the County has, and will continue to, vigorously defend and/or prosecute. There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2016 Bonds or questioning or affecting the validity of the Series 2016 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence, nor the title of the present members of the Board or other officers of the County to their respective offices, is being contested. Except as noted below, there is no litigation pending, or to the knowledge of County officials threatened, which, if it were decided against the County or the Aviation Department, would have a material adverse effect upon the financial affairs of the County or the Aviation Department, with regard to Port Authority Properties. There is not now pending, or, to the knowledge of County officials, threatened, any claim that the Landing Fees or any other rates and charges at the Airport are not in accordance with federal, state or local law.

### Aviation Environmental Matters

#### [UPDATE AS NECESSARY-REFLECTS CP OFFERING MEMO UPDATES]

In August 1993, the Aviation Department and the County's Department of Environmental Resources Management ("DERM") entered into a Consent Agreement (the "DERM Consent Agreement"). Under the DERM Consent Agreement, the Aviation Department became liable to address and correct subsurface contamination resulting from various Airport tenants' operations and failure to comply with their legal obligations at the Airport, including facilities previously occupied by Eastern Air Lines and Pan American World Airways. In addition, the Aviation Department had a preliminary study performed by an independent engineering firm to estimate the Aviation Department's damages imposed by the DERM Consent Agreement. This study, known as the "Opinion of Cost," was used as a basis to record the cost of environmental remediation at the Airport as of September 30, 1993.

In each subsequent year, the Aviation Department received an updated study performed by AMEC Environmental and Infrastructure, Inc. ("AMEC"), formerly known as MACTEC Engineering and Consulting, an independent engineering firm, to further update the estimated costs to correct the environmental violations noted in the Consent Order based on additional information and further refinement of estimated costs to be incurred.

During Fiscal Year 1998, the Florida Department of Environmental Protection (the "FDEP") required the Aviation Department to enter into a Consent Order ("FDEP Consent Order"). The FDEP Consent Order, which encompasses and replaces the DERM Consent Agreement, requires the Aviation Department to address and correct subsurface contamination at all locations at the Airport that are contaminated as well as additional sites where contamination is suspected. Under these and other consent orders/agreements, environmental regulatory agencies are entitled to penalties for violations of these consent orders/agreements by the Aviation Department.

In 1999, the Board authorized the Aviation Department's Environmental Cost Recovery Program to recover the costs of remediation of environmental contamination at MIA from responsible parties, insurers, and regulatory programs. As part of that program, the County proceeded with demand for payment and litigation against current and former users of the Airport, including the U.S. government. It also pursued payments from FDEP under its Inland Protection Trust Fund which allows for the reimbursement or pre-approval for payment of certain qualified petroleum cleanups. A more detailed discussion of some of those efforts follows.

The Aviation Department also applied for \$40 million of reimbursable costs from the Inland Protection Trust Fund for eligible petroleum cleanup costs. Initially, \$24 million was approved. The Aviation Department appealed approximately \$10.1 million in denied supplemental payment requests for reimbursement and audited amounts, which was settled for an additional \$4.6 million that brought the total reimbursed to \$28.6 million. In addition, certain Airport sites where contamination is suspected are recorded in the FDEP Consent Order under a "Protective Filing." If contamination were documented at these sites, the State would be required to incur the costs of remediation after the first \$200,000 of costs incurred by the Aviation Department. Because the State will be required to pay for remediation of sites filed in the Protective Filing and because the contamination at these sites is

unknown at this time, these sites appear in the Opinion of Cost report with no dollar amounts. To date, the airlines and the other tenants have complied with all actions requested of them by the Aviation Department in order to comply with the FDEP Consent Order.

As noted above, in addition to the state regulatory administrative challenges, the Aviation Department has commenced various lawsuits against responsible parties and insurers to recover damages arising out of the costs associated with environmental contamination addressed by the DERM Consent Agreement and FDEP Consent Order. The County has settled claims against numerous responsible parties and insurers and litigation remains pending or will be brought against others. The County has recovered approximately \$30 million as a result of these settlements, which, along with the IPTF recoveries, brings the total recovered under the Cost Recovery Program to approximately \$60 million.

In January 2015, the Opinion of Cost report was further updated to reflect changes that occurred during Fiscal Year 2014. The estimated cost to the Aviation Department to address the contamination as of September 30, 2014 ranges from \$45 million to \$105 million. The estimated range is due largely to uncertainties at this time as to the nature and extent of groundwater contamination beneath the Airport and the methods that must be employed for remediation. Such amounts are scheduled by AMEC to be incurred by the County over eight years, but based on recent historical spending levels, it will take longer to accomplish the work. Management believes that no specific amount in the range represents a better estimate of the ultimate liability. As a result, the Aviation Department has recorded a liability of \$57,485,000 for the Port Authority Properties as of September 30, 2014. Environmental costs that are operating in nature will be included in the annual operating budget while those costs that are directly related to capital projects will be paid from the related project's funding source(s).

In addition to the studies conducted to determine the environmental damage to the sites formerly occupied by Eastern Air Lines and Pan American World Airways, the Aviation Department caused studies to be performed to determine the amount required to remove or otherwise contain the asbestos in certain buildings occupied by the airlines. The Aviation Department has also estimated the amount required to remove or otherwise encapsulate the asbestos in buildings other than those formerly occupied by Eastern Air Lines and Pan American World Airways. The studies estimate the cost to correct such damage related to all buildings to be approximately \$4.5 million. Such amounts do not represent a liability of the Aviation Department until such time as a decision is made by the Aviation Department's management to make certain modifications to the buildings, which would require the Aviation Department to correct such matters.

#### **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Florida law requires the County to make a full and fair disclosure of any bonds or other debt obligations which it has issued or guaranteed and which are or have been in default as to principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which it has served as a conduit issuer). The County is not and has not been in default as to principal and interest on bonds or other debt obligations that it has issued as the principal obligor.

There are several special purpose governmental authorities that serve as conduit issuers of private activity bonds for purposes such as housing, industrial development, education and health care. Defaults have occurred in connection with some of those private activity bonds; however, such defaults affect only the defaulted issues and will have no effect on the payment of the Series 2016 Bonds. The County has no obligation to pay such bonds and the conduit issuers had only a limited obligation to pay such bonds from the payments made by the underlying obligors with respect to such issues. Defaults relating to conduit issuers are not material with regard to the Series 2016 Bonds.

#### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The arithmetical accuracy of certain computations included in the schedules provided by the Financial Advisor on behalf of the County relating to the computation of forecasted receipts of principal and interest on the Government Obligations and the forecasted payments of principal and interest to pay or redeem, as applicable, the

Refunded Bonds and supporting the conclusion of Bond Counsel that the Tax-Exempt Bonds do not constitute "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended, was examined by the Verification Agent. Such computations were based solely upon assumptions and information supplied by the Financial Advisor on behalf of the County. The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

**CERTIFICATE OF FINANCE DIRECTOR AND AVIATION DIRECTOR  
CONCERNING THIS OFFICIAL STATEMENT**

Concurrently with the delivery of the Series 2016 Bonds, the Finance Director and the Aviation Director will furnish a certificate to the effect that, to the best of their knowledge, this Official Statement, as of its date and as of the date of delivery of the Series 2016 Bonds, does not contain an untrue statement of a material fact and does not omit to state a material fact which should be included in this Official Statement for the purpose for which this Official Statement is to be used, or which is necessary to make the statements contained in this Official Statement, in light of the circumstances in which they were made, not misleading.

**MISCELLANEOUS**

This Official Statement is not to be construed as a contract with the purchasers of the Series 2016 Bonds. The references, excerpts and summaries of all documents referred to in this Official Statement do not purport to be complete statements of the provisions of such documents, and potential investors should refer to all such documents for full and complete statements of all matters relating to the Series 2016 Bonds, the security for the payment of the Series 2016 Bonds and the rights and obligations of the owners of the Series 2016 Bonds. The information set forth in this Official Statement has been obtained from the County and other sources that are believed to be reliable. The information and expressions of opinion in this Official Statement are not subject to change without notice and neither the delivery of this Official Statement nor any sale made shall under any circumstances create any implication that there has been no change in the matters referred to in this Official Statement since its date.

The delivery of this Official Statement by the County has been duly authorized by the Board.

**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE AVIATION DEPARTMENT  
FOR THE FISCAL YEARS ENDED  
SEPTEMBER 30, 2015 AND SEPTEMBER 30, 2014**

KPMG LLP (1) has not been engaged to perform and has not performed since the date of its report on the financial statements set forth below any procedures with respect to such financial statements, and (2) has not performed any procedures relating to this Official Statement. The attached financial statements have been included as a matter of public record. These financial statements speak only as of September 30, 2015 and September 30, 2014, respectively. The consent of KPMG LLP for the use of the financial statements herein has not been sought

## APPENDIX B

### SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

The following summaries and statements are brief outlines of certain provisions of the Amended and Restated Trust Agreement dated as of December 15, 2002, by and among the County and The Bank of New York Mellon (successor in interest to JPMorgan Chase Bank, N.A.), as Trustee, and U.S. Bank National Association (successor in interest to Wachovia Bank, National Association), as Co-Trustee (the "Trust Agreement"). Such outlines do not purport to be complete, and reference is made to the Trust Agreement, copies of which are on file and available for examination at the offices of the Aviation Department, the Trustee and the Co-Trustee, for the complete terms thereof. Terms not defined below or in the Official Statement shall have the meanings set forth in the Trust Agreement.

The Trust Agreement authorizes the issuance, from time to time, in one or more Series, of revenue bonds of the County subject to the conditions set forth in the Trust Agreement. The provisions and covenants of the Trust Agreement are for the equal and proportionate benefit and security of the holders of all of the revenue bonds issued thereunder, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction as to lien or otherwise of any of the revenue bonds over any other thereof, except as otherwise expressly provided in the Trust Agreement.

#### Defined Terms

The following are certain defined words and terms used by the Trust Agreement:

"Accreted Value" means, as of any date of computation with respect to any capital appreciation bond, an amount equal to the principal amount of such capital appreciation bond at its initial offering plus the interest accrued on such capital appreciation bond from the date of delivery to the original purchasers thereof to the Compounding Date next preceding the date of computation or the date of computation if a Compounding Date plus, with respect to matters related to the payment upon redemption or acceleration of the capital appreciation bond, if such date of computation shall not be a Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Compounding Date (or the date of original issuance if the date of computation is prior to the first Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Compounding Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of 360 days consisting of 12 months of 30 days each. Interest shall accrue on any capital appreciation bond and be compounded periodically at such rate and at such times as provided in, or pursuant to, the resolution authorizing the issuance of said capital appreciation bond.

"Amortization Requirement" means for any fiscal year, as applied to the term bonds of any Series, the principal amount fixed for such fiscal year by resolution of the Board prior to the delivery of such bonds for the retirement of such term bonds by purchase or redemption.

"Annual Budget" means the budget adopted or in effect for each fiscal year.

"Appreciated Value" means, with respect to any capital appreciation and income bond: (a) as of any date of computation prior to the Interest Commencement Date, an amount equal to the principal amount thereof on the date of original issuance plus the interest accrued on such capital appreciation and income bond from the date of original issuance of such capital appreciation and income bond to the Compounding Date next preceding the date of computation or the date of computation if a Compounding Date, such interest to compound periodically at the times and at the rate provided in, or pursuant to, the resolution authorizing the issuance of said capital appreciation and income bond, plus, if such date of computation shall not be a Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Compounding Date (or the date of original issuance if the date of computation is prior to the first Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Compounding Date, calculated based upon an assumption that Appreciated Value accrues during any period in equal daily amounts on the basis of a year of 360 days consisting of

12 months of 30 days each; and (b) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

"Authorized Investments" include: (i) direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations"), (ii) bonds, debentures or notes issued by any of the following Federal agencies: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Banks, Export-Import Bank of the United States, Government National Mortgage Association, Federal Land Banks or the Federal National Mortgage Association (including participation certificates issued by such Association), (iii) all other obligations issued or unconditionally guaranteed as to principal and interest by an agency or persons controlled or supervised by and acting as an instrumentality of the United States Government pursuant to authority granted by the Congress, (iv) repurchase agreements with financial institutions fully secured by Government Obligations, (v) all other obligations which are permitted investments of public funds under Florida law, (vi) time deposits, certificates of deposits or similar arrangements with any bank or trust company which is a member of the Federal Deposit Insurance Corporation and any Federal or State of Florida savings and loan association which is a member of the Savings Association Insurance Fund and which are secured in the manner provided in the Trust Agreement, and (vii) any obligations as directed by Section 218.415, Florida Statutes, unless otherwise authorized by state law or by county ordinance, in which event or events any obligations so authorized by such law or ordinance.

"Bond," "bonds," "revenue bond" or "revenue bonds" means any bond or bonds or all of the bonds, as the case may be, issued under the provisions of the Trust Agreement. For purposes of the Trust Agreement, bonds issued under the provisions of the Trust Agreement include bonds issued under the provisions of the Prior Agreement.

"Capital appreciation bonds" means any bonds as to which interest is compounded periodically on each Compounding Date and which are payable in an amount equal to the then current Accreted Value only at maturity, earlier redemption or other payment date therefor, all as designated by, or pursuant to, the resolution authorizing the issuance of such bonds, and which may be either serial bonds or term bonds.

"Capital appreciation and income bonds" means any bonds as to which accruing interest is not paid prior to the Interest Commencement Date specified in, or pursuant to, the resolution authorizing the issuance of such bonds and with respect to which, until such Interest Commencement Date, the Appreciated Value is compounded periodically on each Compounding Date, and which may be either serial bonds or term bonds.

"Compounding Date" means, with respect to any capital appreciation bond or capital appreciation and income bond, the dates on which interest shall compound, as specified in the resolutions authorizing the issuance of such bond.

"Convertible bonds" means bonds which are convertible, at the option of the County, into a type of bonds permitted by the Trust Agreement other than the type of such bonds at the time they were issued.

"Counterparty" means a financial institution who enters into a Hedge Agreement with the County in connection with any bonds issued under the Trust Agreement and whose senior long-term debt obligations, or whose payment obligations under such Hedge Agreement are guaranteed by an entity whose senior long-term debt obligations, are rated on the date the Hedge Agreement is entered into in one of the three highest rating categories (without regard to any gradations within such categories) of a nationally recognized rating agency.

"Credit Facility" means each and every irrevocable letter of credit, policy of municipal bond insurance, surety bond, guaranty, purchase agreement, credit agreement or similar facility in which the entity providing such facility irrevocably agrees to provide funds to make payment of the principal of and interest on bonds when due.

"Current Expenses" means the County's reasonable and necessary current expenses of maintenance, repair and operation of the Port Authority Properties and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance, repair and operation, which may include expenses not annually recurring, all administrative expenses and any reasonable payments to pension or retirement funds properly



chargeable to the Port Authority Properties, insurance premiums, engineering expenses relating to maintenance, repair and operation, fees and expenses of the Trustee, the Co-Trustee and the Paying Agents, legal expenses, fees of consultants, fees, expenses and other amounts payable to any bank or other financial institution for the issuance of a Credit Facility, Liquidity Facility or Reserve Facility, and to any indexing agent, depository, remarketing agent, tender agent or any other person or institution whose services are required with respect to the issuance of bonds of any Series, any taxes which may be lawfully imposed on the Port Authority Properties or the income therefrom and reserves for such taxes, and any other expenses required to be paid by the County under the provisions of the Trust Agreement or by law, but shall not include any reserves for extraordinary maintenance or repair, or any allowance for depreciation, or any Hedge Obligations or Hedge Charges, or any deposits to the credit of the Sinking Fund, the Reserve Maintenance Fund and the Improvement Fund.

“Director” means the person employed by the County to supervise the operation of the Port Authority Properties and to perform the duties imposed on the Director by the Trust Agreement.

“Effective Date” means December 15, 2002.

“Fiscal year” means the period commencing on the first day of October and ending on the last day of September of the following year.

“Hedge Agreement” means an interest rate exchange agreement, an interest rate swap agreement, a forward purchase contract, a put option contract, a call option contract or any other financial product which is used by the County as a hedging device with respect to its obligation to pay debt service on any of the bonds, entered into between the County and a Counterparty; provided that such arrangement shall be specifically designated in a certificate of the Director and the County’s Finance Director as a “Hedge Agreement” for purposes of the Trust Agreement.

“Hedge Charges” means charges payable by the County to a Counterparty upon the execution, renewal or termination of any Hedge Agreement, any periodic fee payable by the County to keep such Hedge Agreement in effect and all other payments required under such Hedge Agreement, including, to the extent permitted by law, indemnification payments, tax-gross up payments and default related payments, but excluding Hedge Obligations.

“Hedge Obligations” means net payments required to be made by the County under a Hedge Agreement from time to time as a result of fluctuation in hedged interest rates, or fluctuation in the value of any index of payment, but not including Hedge Charges.

“Hedge Receipts” means net payments received by the County from a Counterparty under a Hedge Agreement.

“Improvements” means such buildings, structures and equipment and such renewals, replacements, additions, extensions and betterments, other than ordinary maintenance and repairs, as may be deemed necessary by the County to place or to maintain any Project in proper condition for its safe, efficient and economic operation, or to preserve, extend, increase or improve the service rendered by it, including any property acquired therefor.

“Interest Commencement Date” means, with respect to any particular capital appreciation and income bonds, the date specified in, or pursuant to, the resolution authorizing the issuance of such bonds (which date must be prior to the maturity date for such bonds) after which interest accruing on such bonds shall be payable on a periodic basis, with the first such payment date being the applicable interest payment date immediately succeeding such Interest Commencement Date.

“Liquidity Facility” means a letter of credit, policy of insurance, surety bond, guaranty, purchase agreement, credit agreement or similar facility in which the entity providing such facility agrees to provide funds to pay the purchase price of, or agrees to purchase, put bonds upon their tender by the holders thereof, and which facility is acceptable to the provider of any Credit Facility issued in connection with such put bonds.

"Net Revenues" for any particular period means the amount of the excess of the Revenues of the Port Authority Properties over the total of the Current Expenses.

"Outstanding" when used with reference to bonds means, as of a particular date and unless otherwise provided in, or pursuant to, a resolution authorizing a particular Series of bonds, all bonds theretofore issued under the Trust Agreement, except:

- (1) bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (2) bonds for the payment of which money, Government Obligations, or a combination of money and Government Obligations, in an amount sufficient to pay on the date when such bonds are to be paid or redeemed the principal or redemption price of, and the interest accruing to such date on, the bonds to be paid or redeemed, have been deposited with the Trustee in trust for the holders of such bonds; Government Obligations, shall be deemed to be sufficient to pay or redeem bonds on a specified date if the principal of and interest on such Government Obligations, when due, will be sufficient to pay on such date the principal or redemption price of, and the interest accruing on, such bonds to such date;
- (3) bonds to be redeemed and deemed to be not Outstanding in accordance with the Trust Agreement; and
- (4) bonds in exchange for or in lieu of which other bonds have been issued; provided, that in determining whether the holders of the requisite Outstanding bonds have given any request, demand, authorization, direction, notice, consent or waiver under the Trust Agreement bonds owned by the County or any affiliate of the County shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only bonds that an authorized officer of the Trustee either actually knows to be so owned or has received written notice thereof shall be so disregarded. Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such bonds and that the pledgee is not the County or any affiliate of the County.

In determining whether bonds are not "Outstanding" under clauses (2) and (3) above:

- (a) in the case of variable rate bonds, the amount required for the interest thereon shall be calculated at the maximum rate permitted by the terms of the provisions which authorized the issuance of such variable rate bonds; provided, however, that if on any date, as a result of such variable rate bonds having borne interest at less than such maximum rate for any period, the total amount of monies and/or Government Obligations on deposit for the payment of interest on such variable rate bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such variable rate bonds in order to fully pay the principal or redemption price of, and the interest accruing on, such bonds, and so long as no event of default or other event, which with the passage of time or the giving of notice, or both, would become an event of default with respect to such variable rate bonds has occurred and is continuing, the County may use the amount of such excess, free and clear of any trust, lien, security interest, pledge or assignment securing said variable rate bonds or otherwise existing under the Trust Agreement; and
- (b) in the case of put bonds, either the principal or redemption price of, and the interest accruing on, said bonds shall have been paid as they became due and payable or there shall have been deposited monies and/or Government Obligations which shall be sufficient at the time of such deposit to pay when due the maximum amount of principal or redemption price of, and interest accruing on, such put bonds which could become payable to the holders of such bonds, including upon the exercise of any tender options provided to the holders of such bonds; provided, however, that if, at the time a deposit is made, the tender options originally exercisable on the put bonds are no longer exercisable, such bonds shall not be considered put bonds for these purposes.

"Passenger Facilities Charges" means any fees which the United States Secretary of Transportation may grant the County authority to impose upon passengers of air carriers enplaned at airports controlled by the County in

order to finance eligible airport-related projects pursuant to 49 U.S.C. § 40117, as amended, including investment earnings thereon, or any similar fee or charge authorized by any amendment thereto or by any successor federal law.

“Port Authority Properties” means Miami International Airport, the airports owned and/or operated by the County known as Homestead General Aviation Airport, Miami Executive Airport, Miami-Opa locka Executive Airport, Opa-locka West Airport and the Training and Transition Airport, and such other Projects as shall be financed or refinanced under the provisions of the Trust Agreement together with all improvements thereof (excluding any buildings, structures or other facilities constructed at Miami International Airport or other airports of the County and financed by obligations not issued under the provisions of the Trust Agreement) and any other airport or airport related properties or facilities (including any facilities financed by obligations not issued under the provisions of the Trust Agreement) that may be added to the Port Authority Properties under the provisions of the Trust Agreement.

“Principal and Interest Requirements” for any fiscal year, as applied to the bonds of any Series, means the sum of:

- (a) the amount required to pay the interest on all bonds of such Series, both serial and term, then Outstanding which is payable from October 2 in such fiscal year through October 1 in the next succeeding fiscal year,
- (b) the amount required to pay the principal of all serial bonds of such Series then Outstanding which is payable from October 2 in such fiscal year through October 1 in the next succeeding fiscal year, and
- (c) the Amortization Requirement for the term bonds of such Series for such fiscal year.

In computing “Principal and Interest Requirements,” for any fiscal year, the following rules shall apply:

(i) in the case of variable rate bonds, interest shall be computed at the average rate of interest which was payable on such bonds in the last 12 months during which such bonds were Outstanding or the actual number of months that such bonds were Outstanding if less than 12, except that (i) with respect to any variable rate bonds which are being issued on the date of computation, interest shall be computed at the estimated initial rate of interest of such bonds upon issuance thereof, as set forth in a certificate of the principal underwriters with respect to such bonds delivered to the Trustee and the Co-Trustee, and (ii) with respect to deposits to the Reserve Account, interest on any Outstanding variable rate bonds shall be computed (A) with respect to such bonds which were Outstanding in the preceding fiscal year or portion thereof, at the average rate of interest which was payable on such bonds in the preceding fiscal year or portion thereof and (B) with respect to such bonds which were not Outstanding in the preceding fiscal year or portion thereof, at the initial rate of interest on such bonds upon issuance thereof;

(ii) in the case of put bonds, the date or dates on which the holders of such put bonds may elect or be required to tender such bonds for payment or purchase shall be ignored and the stated dates for Amortization Requirements and principal payments thereof shall be used for purposes of this calculation so long as the source for said payment or purchase is a Liquidity Facility and the provider of such facility maintains a rating in one of the three highest short-term rating categories (without regard to any gradations within such categories) of a nationally recognized rating agency; provided, however, that notwithstanding the foregoing or the provisions of clause (i) above, during any period of time after the provider of a Liquidity Facility has advanced funds under a Liquidity Facility and before such amount is repaid, Principal and Interest Requirements shall include the principal amount so advanced and interest thereon, in accordance with the principal repayment schedule and interest rate or rates specified in the reimbursement or other similar agreement relating to such Liquidity Facility;

(iii) in the case of capital appreciation bonds, the principal and interest portions of the Accreted Value becoming due at maturity or by virtue of an Amortization Requirement shall be included when due and payable;

(iv) in the case of capital appreciation and income bonds, the principal and interest portions of the Appreciated Value becoming due at maturity or by virtue of an Amortization Requirement shall be included when due and payable;

(v) in the case of convertible bonds, the calculations shall be based on the type of the bonds as of the time of the calculation without regard to any unexercised conversion feature;

(vi) if all or a portion of the principal or Amortization Requirement of or interest on bonds is payable from funds set aside or deposited for such purpose (other than funds on deposit in the Reserve Account), including funds deposited to the credit of the Construction Fund as provided in the Trust Agreement, together with projected earnings thereon, such principal, Amortization Requirement or interest shall not be included in computing Principal and Interest Requirements if such funds, together with the investment earnings thereon, will provide sufficient monies to pay when due such principal, Amortization Requirement or interest, as applicable; and

(vii) to the extent that the County has entered into a Hedge Agreement with respect to any bonds and notwithstanding the provisions of clauses (i) through (vi) above, while the Hedge Agreement is in effect and so long as the Counterparty has not defaulted thereunder and so long as the senior-long term debt obligations of the Counterparty or of any entity guaranteeing the payment obligations of the Counterparty under the Hedge Agreement are rated in one of the three highest rating categories (without regard to any gradations within such categories) of three nationally recognized rating agencies (or such lesser number of nationally recognized rating agencies as are then in existence), for the purpose of determining the Principal and Interest Requirements the interest rate with respect to the principal amount of such bonds equal to the "notional" amount specified in the Hedge Agreement shall be assumed to be (A) if the County's Hedge Obligations under the Hedge Agreement are computed based upon a fixed rate of interest, the actual rate of interest upon which the County's Hedge Obligations are computed under such Hedge Agreement, and (B) if the County's Hedge Obligations under the Hedge Agreement are computed based upon a variable rate of interest, the average rate of interest for the County's Hedge Obligations under the Hedge Agreement for the prior fiscal year or portion thereof while the Hedge Agreement was in effect or if the Hedge Agreement was not in effect during such prior fiscal year, then the lesser of (X) the initial rate of interest for the County's Hedge Obligations under the Hedge Agreement and (Y) the average rate of interest for the prior fiscal year under a published variable interest rate index selected by the County which is generally consistent with the formula which shall be used to determine the County's Hedge Obligations; "average rate" with respect to the County's Hedge Obligations for the prior fiscal year means the rate determined by dividing the total annualized amount paid by the County under the Hedge Agreement in such fiscal year or portion thereof (without taking into account Hedge Receipts during such prior fiscal year or portion thereof) by the "notional" amount specified in the Hedge Agreement for such fiscal year.

"Project" means any project which shall be financed or refinanced under the provisions of the Trust Agreement, including, without limitation, any project permitted under Chapter 125, Florida Statutes, or Chapter 166, Florida Statutes.

"Put bonds" means all bonds which in accordance with, or pursuant to, the resolution authorizing the issuance of a Series of bonds, may be tendered for payment or purchase by or on behalf of the County prior to the stated maturities thereof.

"Reserve Account Requirement" means, as of any date of calculation, one half (1/2) of the maximum amount of Principal and Interest Requirements for any fiscal year thereafter on account of all bonds then Outstanding.

"Reserve Facility" means any insurance policy, surety bond, irrevocable letter of credit or other credit agreement or similar facility maintained by the County in lieu of or in substitution for cash or securities on deposit in the Reserve Account, which is issued by a provider rated on the date of deposit of such facility into the Reserve Account created in the Sinking Fund in one of the two highest rating categories (without regard to any gradations within such categories) of a nationally recognized rating agency, including in every case the nationally recognized rating agency which rated the bonds on account of which such facility is obtained.

"Revenues" means all monies received or earned by the County for the use of, and for the services and facilities furnished by, the Port Authority Properties and all other income derived by the County from the operation or ownership of said Properties, including any ground rentals paid for land on which buildings or structures may be constructed, whether such buildings or structures shall be financed by bonds issued under the provisions of the Trust Agreement or otherwise, and Hedge Receipts, but shall not include any monies received as a grant or gift from the

United States of America or the State of Florida or any department or agency of either thereof or any monies received from the sale of property under the provisions of the Trust Agreement or, unless otherwise provided by resolution of the Board, any Passenger Facilities Charges. The County may select whether to use a cash or accrual basis of accounting, but if it chooses a method that is different than the method then being used, it may only make a change to the extent such change is presented retroactively for each year as if it had been in effect for the last five years.

"Variable rate bonds" means bonds issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage for the entire term thereof at the date of issue and which may be convertible to a fixed interest rate.

### **Application of Bond Proceeds**

The Trust Agreement provides for the creation of the Construction Fund held by the Co-Trustee to the credit of which shall be deposited the proceeds of any bonds issued for Projects or Improvements. Separate Series Accounts are required to be created in the Construction Fund with respect to each Series of bonds issued. The monies in the Construction Fund shall be disbursed to pay the cost of Improvements or Projects upon submission by the County to the Co-Trustee of requisitions therefor or to pay interest on bonds as provided in, or pursuant to, the resolution authorizing such bonds. Monies in the Construction Fund shall be subject to a lien and charge in favor of the holders of the bonds until paid out or transferred.

### **Collection and Disposition of Revenues**

#### *Revenue Fund, Annual Budget and Payment of Current Expenses*

The Trust Agreement provides for all Revenues to be deposited with the Co-Trustee in the Revenue Fund and to be disbursed only in accordance with the terms of the Trust Agreement. Funds in the Revenue Fund are to be applied first to the payment of Current Expenses as the same become due and payable. Monies on deposit to the credit of the Revenue Fund shall be invested by the Co-Trustee, at the direction of the County, in Authorized Investments having such maturities as specified by the County.

The Trust Agreement requires the preparation and adoption by the County of an Annual Budget of Current Expenses and Capital Expenditures for each fiscal year. The Trust Agreement provides that all expenditures for Current Expenses shall be made only upon the filing with the Co-Trustee of the requisitions required by the Trust Agreement. The County may requisition from the Co-Trustee, at one time or from time to time, a sum or sums aggregating not more than \$100,000 (exclusive of reimbursement) to be used as a revolving fund for the payment of Current Expenses as cannot conveniently otherwise be paid. The County covenants that it will at all times maintain and operate the Port Authority Properties in an efficient and economical manner and keep the same in good repair and sound operating condition and make all necessary repairs, renewals and replacements. The County covenants that the Current Expenses incurred in any fiscal year will not exceed the reasonable and necessary amount thereof.

In addition to the Revenue Fund, the Trust Agreement creates three other funds: the Sinking Fund (and three accounts therein - the Bond Service Account, the Reserve Account and the Redemption Account), the Reserve Maintenance Fund and the Improvement Fund. After reserving in the Revenue Fund as of the end of each month an amount up to 20% of the Current Expenses for the current fiscal year as shown by the Annual Budget, the Co-Trustee shall remit to the Trustee the balance of the monies in the Revenue Fund. The Trustee shall deposit the money so received to the credit of the following Accounts or Funds in the order set forth below:

### **Bond Service Account**

There is required to be deposited to the credit of the Bond Service Account in the Sinking Fund an amount equal to 1/6 of the amount of the next interest payment on all bonds Outstanding and (beginning with the twelfth month preceding the first maturity of any serial bonds of a Series) an amount equal to 1/12 of the amount of the next principal payment on account of any such serial bonds.

This requirement shall be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited to the credit of such Account in each month thereafter until such time as such deficiency shall be made up.

The Trustee shall from time to time withdraw sufficient monies from the Bond Service Account to pay the interest on all Outstanding bonds and the principal of all serial bonds as the same become due.

### **Redemption Account**

From the monies remaining after making the required deposit to the Bond Service Account, there is required to be deposited to the credit of the Redemption Account in the Sinking Fund an amount equal to 1/12 of the Amortization Requirement, if any, for such fiscal year for any term bonds then Outstanding, plus an amount equal to 1/12 of the premium, if any, which shall be payable on the redemption date with respect to such Amortization Requirement if such principal amount of bonds should be redeemed on such date from monies in the Sinking Fund.

This requirement shall be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited to the credit of such Account in each month thereafter until such time as such deficiency shall be made up.

Monies held for the credit of the Redemption Account shall be used to retire bonds issued under the Trust Agreement as follows:

(a) Subject to paragraph (c) below, the Trustee shall endeavor to purchase bonds, whether or not such bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, having due regard to interest rate and price, such price not to exceed the principal and premium, if any, which would be payable on the next redemption date with respect to such bonds. (Accrued interest on such bonds shall be paid from the Bond Service Account, with the purchase price payable from the Redemption Account.)

(b) Subject to the provisions of the Trust Agreement relating to the redemption of bonds and to paragraph (c) below, the Trustee shall call for redemption on each interest payment date on which bonds are subject to redemption from monies in the Sinking Fund such amount of bonds then subject to redemption as, with the redemption premium, if any, will as nearly as possible exhaust the Redemption Account, provided that not less than \$50,000 principal amount of bonds shall be called at any one time.

(c) Monies in the Redemption Account shall be applied to the purchase or redemption of bonds in the following order:

*First*, term bonds of each Series, if any, in the order of their issuance, to the extent of the Amortization Requirement, if any, of the then current fiscal year for such term bonds plus the applicable premium, if any, and any deficiency in preceding fiscal years in the purchase or redemption of such term bonds; provided, however, that if none of the term bonds of a Series shall be subject to redemption from monies in the Sinking Fund and if the Trustee shall at any time be unable to exhaust the monies applicable to the bonds of any such Series in the purchase of such bonds under the provisions of paragraph (a) above, such monies or the balance of such monies, as the case may be, shall be retained in the Redemption Account and, as soon as it is feasible, applied to the retirement of the term bonds of such Series;

*Second*, to the purchase of any bonds secured under the provisions of the Trust Agreement and then Outstanding, whether or not such bonds shall be subject to redemption, in accordance with the provisions of paragraph (a) above;

*Third*, term bonds of each Series in proportion (as nearly as practicable) to the aggregate principal amount of the bonds of each such Series originally issued; and

*Fourth*, after the retirement of all Outstanding term bonds, serial bonds issued under the provisions of the Trust Agreement in the inverse order of their maturities and, to the extent the serial bonds of different Series mature

on the same date, in proportion (as nearly as practicable) to the principal amount of the bonds of each Series maturing on such date.

### **Reserve Account**

From the monies remaining in the Revenue Fund after making the required monthly deposits to the Bond Service Account and Redemption Account described above, there shall be deposited to the credit of the Reserve Account in the Sinking Fund an amount equal to 1/60 of the Reserve Account Requirement under the Trust Agreement until the amount to the credit of the Reserve Account (including amounts available under any Reserve Facilities) shall be equal to the Reserve Account Requirement; provided, however, that if the required deposit to the Reserve Account is being satisfied by the reinstatement of any amount drawn under a Reserve Facility, there shall be paid to the provider thereof such amount as shall be required to cause the provider to reinstate no less than the required deposit for such month.

This requirement shall be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited to the credit of such Account in each month thereafter until such time as such deficiency shall be made up.

Monies in the Reserve Account shall be used by the Trustee to pay the interest due on the Outstanding bonds and maturing principal of serial bonds whenever and to the extent that the monies held for the credit of the Bond Service Account are insufficient for such purpose, and, immediately following the use of such monies for the payment of such interest and principal for the purpose of making up any prior deficiencies in deposits to the credit of the Redemption Account whenever the monies in the Revenue Fund are insufficient for such purpose. If at any time the balance in the Reserve Account shall exceed the Reserve Account Requirement, such excess shall be transferred to the credit of the Redemption Account or withdrawn by the Trustee and deposited with the Co-Trustee to the credit of the Improvement Fund as may be specified by the County.

In lieu or in satisfaction of any required deposit into the Reserve Account or in substitution for all or a portion of the amounts on deposit therein, the County may cause to be deposited into the Reserve Account a Reserve Facility for the benefit of the holders of the bonds, which Reserve Facility shall be available to be drawn (upon the giving of notice as required thereunder) on any payment date on which a deficiency exists for payment of the bonds, which deficiency is payable from the Reserve Account and which cannot be cured by monies in the Reserve Account or any other fund or account held pursuant to the Trust Agreement and available for such purpose. If any such Reserve Facility is substituted for monies on deposit in the Reserve Account, the excess monies in the Reserve Account shall be applied to satisfy any deficiency in any of the funds and accounts, and any remaining balance shall be deposited with the Co-Trustee to the credit of the Improvement Fund. If a disbursement is made from a Reserve Facility, the County shall be obligated, in accordance with the provisions of the Trust Agreement, to either (i) reinstate such Reserve Facility, (ii) deposit monies in the Reserve Account, or (iii) undertake a combination of such alternatives.

In the event the Reserve Account is at any time funded with more than one Reserve Facility, any required draw under such facilities shall be made on a pro-rata basis thereunder; provided, however, that if at the time of such draw the Reserve Account is only partially funded with one or more Reserve Facilities, prior to drawing on such facilities, there shall first be applied any cash and securities on deposit in the Reserve Account and, if after such application a deficiency exists, the Trustee shall make up the deficiency by drawing on such facilities as provided in this paragraph. Amounts drawn or paid under a Reserve Facility shall be reimbursed to the provider thereof in accordance with the terms and provisions of the reimbursement or other agreement governing such facility entered into between the County and such provider.

### **Reserve Maintenance Fund**

From the monies remaining in the Revenue Fund after making the required deposits to the Bond Service Account, Redemption Account and Reserve Account described above, there shall be deposited with the Co-Trustee to the credit of the Reserve Maintenance Fund the amount required to make the amount deposited during such fiscal year equal to the amount recommended by the Consulting Engineers in a report prepared after an annual inspection of the Port Authority Properties by the Consulting Engineers or such greater amount as may from time to time be

directed by the Director in writing to the Co-Trustee, such amount to be increased or decreased in accordance with any amendments to the Annual Budget of Capital Expenditures.

Monies held for the credit of the Reserve Maintenance Fund shall be used only for paying all or part of the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, the cost of replacing equipment, and premiums on insurance required by the Trust Agreement; provided, however, that monies in said Fund may also be disbursed:

(a) To meet an emergency caused by some extraordinary occurrence, so characterized by a certificate signed by the Consulting Engineers and filed with the Co-Trustee and accompanied by a certificate from the Director stating that funds to the credit of the Revenue Fund are insufficient to meet such emergency,

(b) To pay interest due on the Outstanding bonds and the principal on serial bonds, or the deposits required to be made to the credit of the Redemption Account, in the event the monies to the credit of the Bond Service Account and the Reserve Account are insufficient for such purpose, and

(c) To pay any additional amount necessary to repair, replace or reconstruct damaged or destroyed property over and above any proceeds of insurance covering such damaged or destroyed property.

Monies may also be transferred from the Reserve Maintenance Fund to the Revenue Fund if the County shall direct the same by resolution and the Consulting Engineers shall certify that the amount to be transferred is not required for the purposes for which the Reserve Maintenance Fund was created.

#### **Improvement Fund**

The balance of any monies remaining in the Revenue Fund after making the required deposits to the Bond Service Account, the Redemption Account, the Reserve Account and the Reserve Maintenance Fund described above shall be deposited with the Co-Trustee to the credit of the Improvement Fund; provided, however, that the County may by resolution direct the Trustee to deposit all or part of such balance from the Revenue Fund to the credit of the Redemption Account.

Monies held for the credit of the Improvement Fund may be disbursed by the County from time to time for any airport or airport-related purpose, and for the retirement of any bonds issued under the provisions of the Trust Agreement or may be pledged by the County to the payment of any bonds or other obligations issued or assumed by it. Unencumbered funds in the Improvement Fund shall be used to make up a deficiency in any Series Account in the Construction Fund in the amount required to complete payment of the cost of any Improvements or Project payable from such Series Account.

There may also be deposited to the credit of the Improvement Fund any monies received by the County from any property or facilities owned or operated by it which do not constitute a part of the Port Authority Properties.

#### **Alternate Provisions for Certain Bonds and Hedge Agreements**

A resolution authorizing the issuance of a particular Series of bonds may provide alternative provisions relating to the payment of the principal of and interest on such bonds, in which event deposits to the credit of the Bond Service Account, the Redemption Account and the Reserve Account on account of the bonds of such Series, shall, if and to the extent provided in, or pursuant to, such resolution, be made at such times and in such amounts, and may be set aside and held for the account of and disposition by the County, all as shall be provided in such resolution.

The County may authorize, by resolution, a Hedge Agreement with respect to any Series of bonds, including any Outstanding bonds and any bonds thereafter issued under the Trust Agreement. Such resolution may provide for deposits to the credit of the Bond Service Account under the Trust Agreement for the payment of Hedge Obligations (but not Hedge Charges) to be made at such time and in such amounts, and to be set aside and held for



the account of and for the disposition by the County all as shall be provided in such resolution; provided, however, that the Counterparty shall under no circumstances be granted a lien upon or pledge of Net Revenues ranking prior to or on a parity basis with the lien or pledge created by the Trust Agreement; and provided further, however, that Hedge Charges shall only be payable from the Improvement Fund.

#### **Investment of Funds**

Monies on deposit to the credit of any funds and accounts held under the Trust Agreement, including the Construction Fund, shall as nearly as may be practicable, be invested and reinvested, at the direction of the County, in Authorized Investments. Monies on deposit to the credit of the Reserve Account shall, as nearly as practicable, be invested and reinvested by the Trustee, at the direction of the County, in Authorized Investments which shall mature or which shall be subject to redemption at the option of the holder not later than fifteen (15) years after the date of such investment.

Monies on deposit to the credit of the Revenue Fund, the Reserve Maintenance Fund and the Improvement Fund shall be invested by the Co-Trustee, at the direction of the County, in Authorized Investments having such maturities as specified in a certificate of the County.

#### **Temporary Financing**

The County may at any time or times issue its notes or other obligations to finance temporarily any of the Improvements or Projects for which it may issue additional bonds under the Trust Agreement, payable not from Revenues, but solely from the proceeds of such bonds or from any unencumbered monies in the Improvement Fund. If additional bonds are issued under the Trust Agreement to pay such notes or obligations, the Improvements or Project financed with such notes or other obligations shall then constitute a part of the Port Authority Properties.

#### **Issuance of Additional Bonds**

The County may issue additional bonds payable on a parity basis with the bonds under the Trust Agreement (the "Additional Bonds") at any time or times for the purpose of paying all or part of the cost of any additional Improvements or Project or any portions thereof, including the payment of any notes or other obligations of the County or the repayment of any advances made from any source to temporarily finance such cost, and for making a deposit to the Reserve Account in an amount not to exceed the increase in the Reserve Account Requirement related to the issuance of such Series of bonds. Such bonds shall not be authenticated by the Trustee, in accordance with the then-current form of the Trust Agreement, until the following documents, among others, have been received and the following conditions have been met:

- (a) A copy of the resolution authorizing the issuance of the Additional Bonds.
- (b) If not provided in the resolution under (a) above, a copy of the resolution awarding such Additional Bonds and directing the authentication and delivery of such Additional Bonds to or upon the order of the principal underwriters upon payment of the purchase price therefor.
- (c) A statement, signed by the Consulting Engineers certifying that the construction or acquisition of the Improvements or Project described in the resolution authorizing the issuance of such Additional Bonds is, in their opinion, necessary to place or maintain the Port Authority Properties in proper condition for their safe, efficient and economic operation or to preserve, extend, increase or improve the service rendered by the Port Authority Properties, and giving their estimate of the total cost of the Improvements or Project or portions thereof (including a reserve for contingencies), to be financed in whole or in part by the issuance of such Additional Bonds.
- (d) To the extent necessary for purposes of (h)(ii) below, a statement, signed by the Traffic Engineers, giving their estimates (taking into account the information contained in item (iv) of the certificate of the Director mentioned in (e) below) of:

(i) The amounts of the Current Expenses in each of the five fiscal years immediately following the date of said statement or, if interest on the Additional Bonds is to be paid from proceeds of such Additional Bonds, in each of the five fiscal years immediately following the last date on which interest on such Additional Bonds is to be paid from proceeds of such Additional Bonds, and

(ii) The amount of annual Net Revenues in each of the five fiscal years immediately following the date of said statement or, if interest on the Additional Bonds is to be paid from proceeds of such Additional Bonds, in each of the five fiscal years immediately following the last date on which interest on such Additional Bonds is to be paid from proceeds of such Additional Bonds.

(e) A certificate, signed by the Director (and approved by the Trustee as to item (i) below and by the Traffic Engineers as to any adjustments described in item (iii) below), setting forth:

(i) The amount of the Principal and Interest Requirements for each succeeding fiscal year on account of all bonds then Outstanding and the Additional Bonds,

(ii) The amount, if any, which is then available or will be made available for paying the cost of such Improvements or Project or portions thereof and the source or sources from which such amount has been or will be received,

(iii) To the extent necessary for purposes of (h)(ii) below, the amount of Net Revenues for any period of 12 consecutive calendar months selected by the County out of the eighteen calendar months immediately preceding the date of said certificate (the "Computation Period"); provided, however, that if the rates and charges for the use of, and for the services and facilities furnished by, the Port Authority Properties shall have been revised prior to the date of such certificate, the Net Revenues for the Computation Period may be adjusted to reflect the amounts which would have been received had such rates and charges been in effect throughout the Computation Period, and

(iv) If interest on the Additional Bonds is to be paid from proceeds of such Additional Bonds, the last date on which interest on such Additional Bonds is expected to be paid from proceeds of such Additional Bonds.

(f) A certificate of the Director stating that the County is not in default under any provisions of the Trust Agreement.

(g) An opinion of the County Attorney stating that the proposed Additional Bonds have been duly authorized and all conditions to their delivery have been met.

(h) The Trustee has determined that:

(i) The proceeds (excluding accrued interest) of such Additional Bonds to be applied to the costs of the Improvements or Project or portions thereof to be financed in whole or in part by the Additional Bonds, together with any other funds made available therefor, shall be not less than the estimated total cost of the Improvements or Project or portions thereof to be financed in whole or in part by the Additional Bonds;

(ii) Either: (a) the percentage derived by dividing the amount of Net Revenues shown in item (iii) of the certificate of the Director mentioned in (e) above by the largest amount of Principal and Interest Requirements shown for any fiscal year in item (i) of said certificate mentioned in (e) above shall not be less than 120%, or (b) the percentages derived by dividing the amount of Net Revenues for each of the fiscal years shown in item (ii) of the statement of the Traffic Engineers mentioned in (d) above by the amount of Principal and Interest Requirements shown for the corresponding fiscal years in item (i) of the certificate of the Director mentioned in (e) above shall not be less than 120%; and

(iii) The amount to the credit of the Reserve Account in the Sinking Fund (including amounts available under any Reserve Facilities) shall be not less than the amount then required to be on deposit to the credit of the Reserve Account at such time under the terms of the Trust Agreement.

The proceeds of any such Additional Bonds, exclusive of accrued interest, are to be deposited in the Reserve Account to the extent necessary and the balance is to be deposited with the Co-Trustee to the credit of the related Series Account in the Construction Fund.

The Trust Agreement also provides an alternative for the issuance of Additional Bonds for completion of any Improvements or a Project in the event that the bonds initially issued for such Improvements or Project are insufficient to complete that Improvement or Project. Such Additional Bonds may be issued without meeting the requirements set forth in (a) through (h) above in order to provide additional funds for completion of Improvements or Projects, as shown by a resolution of the Board and a statement of the Consulting Engineers. Such Additional Bonds shall constitute a part of the same Series of the bonds as the bonds initially issued for the uncompleted Improvement or Project. Such Additional Bonds shall bear the same date as the bonds initially issued for such Improvements or Projects, but may be made subject to redemption at different times and prices. If the bonds initially issued were serial bonds, then the Additional Bonds shall be serial bonds maturing in annual installments beginning not earlier than one year after their delivery and ending in the year of the latest stated maturity of the bonds initially issued, and the annual installments shall be in such amounts that the Principal and Interest Requirements of such Additional Bonds shall be as nearly equal as the County deems practicable. If the bonds initially issued shall consist of term bonds or both serial bonds and term bonds, then the Additional Bonds shall be term bonds maturing on the same date as the term bonds initially issued, and the resolution authorizing the Additional Bonds shall fix, or provide for the fixing of, the Amortization Requirements for such Additional Bonds, beginning not earlier than one year after the date of delivery of such Additional Bonds and being that percentage, as nearly as practicable, of the Amortization Requirements for the term bonds initially issued which is derived by dividing the principal amount of the Additional Bonds by the principal amount of the term bonds initially issued. If an issue of Additional Bonds meets the requirements set forth in (a) through (h) above, such Additional Bonds do not have to meet the requirements set forth in this paragraph.

#### **Issuance of Refunding Bonds**

The County may issue revenue refunding bonds payable on a parity basis with the Bonds issued under the Trust Agreement (the "Refunding Bonds") to:

(a) Refund at their maturity all or any portion of the Outstanding bonds of any Series which mature within 3 months thereafter. Such Refunding Bonds shall mature in a year not earlier than the year of the latest stated maturity of any bonds then Outstanding under the Trust Agreement.

(b) Redeem prior to or paying at their maturity all or any portion of the Outstanding bonds of any Series issued under the provisions of the Trust Agreement, including the payment of any redemption premium thereon and interest to accrue thereon to the date fixed for their redemption or maturity, as applicable, paying costs of issuance with respect thereto and making a deposit to the Reserve Account in an amount not to exceed the increase, if any, in the Reserve Account Requirement relating to the issuance of such Series Refunding Bonds.

(c) Refund all or any portion of obligations then outstanding which have not been issued under the provisions of the Trust Agreement for the payment of which there are pledged revenues of any airport or airport-related project or projects.

Refunding Bonds may be issued only if there shall be filed with the Trustee (i) a copy of the resolution authorizing such Refunding Bonds, (ii) if not provided in the resolution under (i) above, a copy of the resolution awarding such Refunding Bonds and directing the authentication and delivery of such Refunding Bonds, (iii) an opinion of the County Attorney stating that the issuance of such Refunding Bonds has been duly authorized and all conditions precedent thereto have been fulfilled and (iv) if such Refunding Bonds are to be issued for the purpose of redeeming bonds of any Series prior to their stated maturity, such documents as shall be required by the Trustee to show that provision has been duly made in accordance with the Trust Agreement for the redemption of all bonds to be refunded which are to be redeemed prior to their stated maturity.

Refunding Bonds may only be issued for the purpose described in (b) above if, among other conditions described in the Trust Agreement, either (A) the total Principal and Interest Requirements for the Refunding Bonds during their term is less than the total Principal and Interest Requirements for the bonds to be refunded during their

term, (B) the percentage derived by dividing (i) the Net Revenues for the Computation Period by (ii) the maximum amount of Principal and Interest Requirements for any succeeding fiscal year on account of all bonds theretofore issued under the provisions of the Trust Agreement and then Outstanding (other than the refunded bonds) and the proposed Refunding Bonds, as set forth in a certificate of the Director, approved by the Traffic Engineers as to (i) above to the extent of any adjustments to Net Revenues and approved by the Trustee as to item (ii) above, shall not be less than 120%, or (C) the percentages derived by dividing (i) the estimated amount of annual Net Revenues in each of the five fiscal years immediately following delivery of the Refunding Bonds (such Net Revenues to be determined from the Revenues and Current Expenses as estimated by the Traffic Engineers in a statement signed by the Traffic Engineers) by (ii) the amount of the Principal and Interest Requirements for each of such five fiscal years on account of all bonds theretofore issued under the provisions of the Trust Agreement and then Outstanding (other than the refunded bonds) and the proposed Refunding Bonds, as set forth in a certificate of the Director, shall not, in each such year, be less than 120%.

Issuance of Refunding Bonds for the purpose described in (c) above may be undertaken only if, among other conditions described in the Trust Agreement, (A) the percentages derived by dividing the estimated amount of annual Net Revenues of the Port Authority Properties, including the project or projects financed with the obligations to be refunded, in each of the five fiscal years immediately following delivery of such Refunding Bonds, as estimated by the Traffic Engineers in accordance with the terms of the Trust Agreement, by the amount of the Principal and Interest Requirements for the corresponding fiscal years for all bonds then Outstanding and the proposed Refunding Bonds shall not, in each such year, be less than 120%, and (B) the County is not then in default under the Trust Agreement and there is no deficiency in the Reserve Account in the Sinking Fund.

Refunding Bonds issued for any of the above purposes shall mature not later than forty years from their date and may be subject to redemption prior to maturity (including from Amortization Requirements for any term bonds).

#### **Other Types of Bonds, Credit Enhancement and Hedge Agreements**

The County may (i) provide that any bonds authorized to be issued under the Trust Agreement may be issued as capital appreciation bonds, capital appreciation and income bonds, convertible bonds, put bonds, variable rate bonds or such other types of bonds as may be marketable from time to time, or any combination thereof, (ii) provide that such bonds shall be additionally secured by a Credit Facility and/or Liquidity Facility, (iii) enter into agreements with any bank, dealer in tax exempt bonds or other institution for the remarketing of bonds which have been tendered for payment, (iv) enter into agreements with any bank or other financial institution providing a Credit Facility or Liquidity Facility for the reimbursement of funds advanced under such Credit Facility or Liquidity Facility, and (v) enter into Hedge Agreements.

For purposes of determining the principal amount of a capital appreciation bond or a capital appreciation and income bond for redemption, acceleration or computation of the amount of bonds held by the holder thereof in giving any notice, consent, request or demand pursuant to the Trust Agreement for any purpose whatsoever, the principal amount of a capital appreciation bond shall be deemed to be its Accreted Value and the principal amount of a capital appreciation and income bond shall be deemed to be its Appreciated Value.

#### **Use of Port Authority Properties**

The County covenants that it will establish and enforce reasonable rules and regulations governing the use of the Port Authority Properties and the operation thereof, that all compensation, salaries, fees and wages paid by it in connection with the maintenance, repair and operation of the Port Authority Properties will be reasonable, that no more persons will be employed by it than are necessary, and that it will maintain and operate the Port Authority Properties in an efficient and economical manner, that it will at all times maintain the same in good repair and in sound operating condition and will make all necessary repairs, renewals and replacements.

### **Disposal of Port Authority Properties**

The County covenants that except as otherwise permitted in the Trust Agreement it will not sell or otherwise dispose of or encumber the Port Authority Properties or any part thereof and will not create or permit to be created any charge or lien on the Revenues thereof ranking equally with or prior to the charge or lien on such Revenues of the bonds issued under and secured by the Trust Agreement; provided, however, that the County may, from time to time, sell or otherwise dispose of property forming part of the Port Authority Properties, if the Director shall determine that such property is no longer needed or is no longer useful in connection with the construction or operation and maintenance of the Port Authority Properties (with any proceeds thereof to be applied to the replacement of the property so sold or disposed of or deposited to the credit of the Redemption Account in the Sinking Fund, the Reserve Maintenance Fund or the Revenue Fund as the Board shall determine by resolution).

### **Bonds Secured Otherwise Than by the Trust Agreement**

Nothing in the Trust Agreement is to be construed as preventing the issuance by the County of obligations secured by other than the revenues pledged as security for the bonds issued under the provisions of the Trust Agreement. The County covenants, however, that: (1) none of the Revenues of the Port Authority Properties will be used for any purpose other than as provided in the Trust Agreement, (2) it will not construct or consent to the construction of any project (including any building or structure at Miami International Airport) other than such projects as shall be financed by Additional Bonds under the Trust Agreement unless there shall be filed with the Clerk of the Board (a) a statement, signed by the Traffic Engineers, certifying that in their opinion, the operation of such project will not affect the County's compliance with the rate covenant set forth in the Trust Agreement and (b) a statement, signed by the Consulting Engineers, certifying that the operation of such project will not impair the operating efficiency of the Port Authority Properties, and (3) no contracts will be entered into or any action taken that would impair or diminish the rights of the Trustee, the Co-Trustee, and the bondholders. An airport or airport-related project financed by obligations not issued under the Trust Agreement may be added to the Port Authority Properties by resolution of the Board if the amount of the annual Net Revenues of the Port Authority Properties including such project in each of the five fiscal years immediately following the inclusion of such project in the Port Authority Properties, as estimated by the Traffic Engineers in accordance with the terms of the Trust Agreement, after deducting the amount of the average annual deposits estimated by the Consulting Engineers to be required to be made to the credit of the Reserve Maintenance Fund in such five fiscal years, will, in each such fiscal year, be not less than 120% of the Principal and Interest Requirements for such fiscal year on account of all bonds then Outstanding under the Trust Agreement.

### **Insurance**

The County covenants that it will maintain a practical insurance program, with reasonable terms, conditions, provisions and costs which the Director determines, with the approval of an independent risk management consultant having a nationwide and favorable reputé for skill and experience in such work selected by the County, will afford adequate protection against loss caused by damage to or destruction of the Port Authority Properties or any part thereof and also such comprehensive public liability insurance on the Port Authority Properties for bodily injury and property damage and in such amounts as may be approved by such independent risk management consultant.

All such insurance policies shall be carried in a responsible insurance company or companies authorized and qualified under the laws of the State of Florida to assume the risks thereof.

The proceeds of all such insurance covering damage to or destruction of Port Authority Properties shall be deposited with the Co-Trustee and shall be available for and shall, to the extent necessary and in the opinion of the Consulting Engineers desirable, be applied to the repair, replacement or reconstruction of the damaged or destroyed property, and shall be paid out in the manner provided in the Trust Agreement for payments from the Construction Fund. If such proceeds are more than sufficient for such purpose, the balance remaining shall be deposited to the credit of the Reserve Maintenance Fund. If such proceeds shall be insufficient for such purpose, the deficiency shall be supplied out of any monies in the Reserve Maintenance Fund.

## **Engineers**

The County covenants to employ an independent engineer or engineering firm or corporation having a nationwide and favorable reputation for skill and experience in such work for the purpose of carrying out the duties imposed on the Consulting Engineers as detailed in the Trust Agreement, and to employ an independent engineer or engineering firm or corporation having a nationwide and favorable reputation for skill and experience in such work to perform the duties imposed on the Traffic Engineers by the Trust Agreement.

## **Audits and Reports**

The County covenants to keep accurate records and accounts of the Revenues of the Port Authority Properties, of the application of such Revenues and of all items of costs and expenditures relating to the Port Authority Properties. Such records and accounts shall be open to the inspection of all interested persons.

The County also covenants to file monthly with the Trustee and Co-Trustee and mail to the Consulting Engineers and each bondholder who has filed his name and address with the County for such purpose, any revisions of the rates and charges for the Port Authority Properties made during the preceding calendar month and a report of the preceding calendar month setting forth the Revenues and Current Expenses of the Port Authority Properties, the deposits to, and withdrawals from, each special fund and account created under the Trust Agreement, the details of all bonds issued, paid, purchased or redeemed, a balance sheet as of the end of such month, the balance in each fund and account and the details of investments thereof and the proceeds received from any sales of property.

The County further covenants that it will cause an audit of its books and accounts to be made annually by an independent firm of certified public accountants of recognized ability and standing, and that it will cause an annual report of the operations of the Port Authority Properties covering matters usually contained in annual reports for similar properties, to be prepared and filed with the County, the Consulting Engineers, the Trustee, the Co-Trustee, each provider of a Credit Facility and each bondholder who shall have filed his name and address with the County for such purposes. Such annual reports shall be open to the inspection of all interested persons.

## **Defeasance**

If, in addition to any requirements set forth in any resolution authorizing the issuance of a particular Series of bonds, when the bonds secured under the Trust Agreement shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the bonds for redemption shall have been given by the County to the Trustee, the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the bonds and coupons then Outstanding shall be paid or sufficient monies, Government Obligations, or a combination of monies and Government Obligations, shall be held by the Trustee or the Paying Agents for such purpose, and provision shall also be made for paying all other sums payable under the Trust Agreement by the County, then and in that case the right, title and interest of the Trustee and of the Co-Trustee shall thereupon cease, determine and become void, and the Trustee and the Co-Trustee in such case, on demand of the County, shall release the Trust Agreement and shall execute such documents to evidence such release as may be reasonably required by the County, and shall turn over to the County or to such officer, board or body as may then be entitled by law to receive the same any surplus in any account in the Sinking Fund and all balances remaining in any other funds or accounts other than monies held for redemption or payment of bonds or coupons; otherwise the Trust Agreement shall be, continue and remain in full force and effect.

For purposes of the above paragraph, Government Obligations shall be deemed sufficient to pay or redeem bonds if the principal of and interest on such Government Obligations, when due, will be sufficient to pay the principal and the interest and the redemption premium, if any, due on the bonds.

## **Amendments or Modifications**

Any of the provisions of the Trust Agreement may be modified or amended from time to time by supplemental agreements entered into by the County and Trustees upon the consent of the holders of not less than two-thirds in an aggregate principal amount of the bonds then Outstanding, provided that any such modification or

amendment will not permit (a) extension of the maturity of the principal of or the interest on any bond, (b) a reduction of the principal amount of any bond or the redemption premium or the rate of interest of any bond, (c) the creation of a lien or a pledge of revenues ranking prior to or on a parity basis with the lien or pledge created by the Trust Agreement, (d) a preference or priority of any bond or bonds over any other bond or bonds, or (e) a reduction in the aggregate principal amount of the bonds required for consent to such supplemental agreements.

The County and the Trustees may, without the consent of the bondholders, enter into supplemental agreements to cure any ambiguity, formal defect or omission in the Trust Agreement or any supplemental agreement or to grant to or confer upon the Trustees or either of them for the benefit of the bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the bondholders or the Trustees or either of them.

So long as the provider of a Credit Facility has not defaulted in its obligations thereunder, such provider will be deemed the holder of all bonds secured by such Credit Facility for purposes of any required consents and approvals to such supplemental agreements from the holders of bonds.

The holders of any Series of bonds to be issued under the Trust Agreement shall be deemed to have consented to a supplemental agreement if the principal underwriters of such Series of bonds shall consent in writing to such supplemental agreement and the nature of such supplemental agreement is disclosed in any offering document pursuant to which such Series of bonds is being offered for sale.

#### **Remedies of Bondholders**

The Trust Agreement defines events of default as (i) the failure to pay the principal of and any redemption premium on any of the bonds and, if provided in, or pursuant to, the resolution authorizing the issuance of a particular Series of bonds, payment of the purchase price thereof, when the same shall become due and payable, whether at maturity, pursuant to optional or mandatory tender or upon call for redemption or otherwise, (ii) the failure to pay interest within 10 days after the same shall become due and payable, (iii) the failure to deposit to the credit of the Redemption Account in any fiscal year an amount equal to the Amortization Requirement for such fiscal year for the term bonds of each Series then Outstanding, (iv) the County shall for any reason be rendered incapable of fulfilling its obligations under the Trust Agreement, (v) a final judgment for the payment of money shall be rendered against the County as a result of the ownership, control or operation of the Port Authority Properties and not discharged, appealed or stayed within 60 days from the entry thereof, (vi) a receiver of the Port Authority Properties or the Revenues shall have been appointed and, if such appointment was without the consent or acquiescence of the County, shall not have been vacated, stayed, or discharged within 60 days after the entry of an order or decree appointing said receiver, (vii) any proceeding shall be instituted with the consent and acquiescence of the County, for the purpose of effecting a composition or adjustment of claims between the County and creditors pursuant to any federal or state statute, if such claims are payable out of Revenues, and (viii) the default by the County, after 30 days' notice thereof by the Trustee, in the due and punctual performance of any of the covenants or provisions in the bonds or in the Trust Agreement, provided that if such default shall be of a type which can be remedied but not within 30 days, it shall not constitute an event of default if the County in good faith begins and diligently pursues to remedy such default within such 30-day period.

The Trust Agreement provides that failure to meet the minimum requirements, set forth in subparagraphs (ii) and (iii) under the caption "SECURITY FOR THE SERIES 2016 BONDS – Rate Covenant" in the main body of the Official Statement, in any fiscal year, of the Reserve Maintenance Fund or the Sinking Fund does not in itself constitute an event of default if the County shall comply with all recommendations of the Traffic Engineers as to rates and charges; however, the Trustee or the holders of not less than a majority in principal amount of bonds Outstanding may, or upon the request of the holders of not less than a majority in principal amount of bonds Outstanding, and upon being indemnified to its satisfaction, the Trustee shall institute appropriate action to compel the County to revise the rates and changes.

In the event of default, the Trustee may, and upon the request of the holders of not less than a majority in principal amount of the bonds Outstanding, shall declare the principal of all Outstanding bonds to be due and payable immediately. The Trustee may, and upon the request of the holders of not less than a majority in principal amount of the Outstanding bonds shall, proceed to protect and enforce its rights and the rights of the bondholders by

such suits, actions or special proceedings in equity or at law as the Trustee being advised by counsel shall deem most effectual to protect and enforce such rights. Anything in the Trust Agreement to the contrary notwithstanding, the holders of a majority in principal amount of bonds then Outstanding shall have the right, subject to the obligation to indemnify the Trustee pursuant to the terms of the Trust Agreement, to direct the method and place of conducting all remedial proceedings, to the extent lawful and in the opinion of the Trustee not unjustly prejudicial to other bondholders not parties to such directions. No remedy is intended to be exclusive of any other remedy or remedies, and each and every remedy is cumulative and is in addition to every other remedy given under the Trust Agreement or existing at law.

No holder of any of the bonds, except as described above, shall have any right to institute any suit, action, mandamus or other proceedings in equity or at law for the enforcement of any right under the Trust Agreement or the laws of Florida, unless such holder previously shall have given to the Trustee written notice of the event of default or breach of trust or duty on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than a majority in principal amount of the Outstanding bonds shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to exercise its granted powers or to institute such action, suit or proceedings, and unless there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

So long as the provider of a Credit Facility has not defaulted in its obligations thereunder, such provider will be deemed the holder of all bonds secured by such Credit Facility for purposes of exercising the rights of the holders of bonds upon the occurrence of any event of default.



## APPENDIX C

### SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AGREEMENT

The following is a summary of certain provisions of the Airline Use Agreement and does not purport to be complete. Reference is made to the Airline Use Agreement, a copy of which is on file and available at the office of the Aviation Department, for a review of its complete terms. Terms not defined in this Summary or in this Official Statement shall have meanings set forth in the Airline Use Agreement.

The Airline Use Agreement ("AUA") sets forth the operating privileges and responsibilities at Miami International Airport ("MIA" or the "Airport") for an airline operating at MIA which has signed the AUA (a "Signatory Airline"). The AUA does not lease or convey any property interest to the Signatory Airline and is effective as to any successor governing authority of the Airport.

The term of the AUA is for fifteen years from its effective date, which is defined as being May 1, 2002. All AUAs, no matter when actually executed by the airline, bear the effective date of May 1, 2002. Each Signatory Airline agrees that its obligations to pay Landing Fees and charges, whether incurred for operations at MIA or any other airport within the County's Airport System, shall continue beyond any expiration of the agreement for so long as the Signatory Airline operates at MIA or such other airport and bonds are outstanding under the Trust Agreement or any successor trust indenture. Conversely, if the Signatory Airline discontinues its operations at a County airport, the Signatory Airline has no further obligation to the airport at which it operated other than for payment of incurred charges.

The Signatory Airline agrees to whatever Landing Fee Rates and charges are established by the County from time to time, and agrees that (1) the Landing Fee Rate may be based on a residual method of calculating Landing Fees set forth in Tab G of the AUA and discussed below, and (2) Terminal Building fees may be based on the cost-based equalized rate-setting methodology described in Tab H of the AUA. The County may modify such methodologies in order to comply with its requirements under the Trust Agreement or under federal law, or as a result of a Board-approved modification resulting from consultation with the Airlines at MIA and consented to by the Trustee.

Each Signatory Airline agrees that the Passenger Facility Charge revenue belongs to the Airport and not the airline. Each Signatory Airline further agrees that it will (1) comply with all rules and regulations of the Airport, (2) indemnify and reimburse the County for any failure to so comply, (3) comply with all applicable noise abatement regulations, (4) obtain appropriate airline operating certificates and liability insurance, (5) comply with all security requirements and directives, (6) not discriminate in violation of applicable law, and (7) control its employees in the use of the Airport. The Signatory Airline acknowledges the primacy of the Trust Agreement.

Each Signatory Airline agrees that the Miami Airport Affairs Committee (the "MAAC") shall represent the interests of all airlines at MIA for voting on matters on which the AUA requires a decision and that any Majority-In-Interest ("MII") decision by the MAAC required by the AUA shall be binding on the Signatory Airline. MIIs consist of those airlines on the MAAC that are not less than 51% of existing MAAC members and that collectively with their non-signatory Affiliated Airlines represent more than 25% of total landed weight for which Landing Fees were paid during the previous Fiscal Year by all MAAC airlines and their non-signatory Affiliated Airlines. An "Affiliated Airline" is defined to be any airline of a designated relationship to the Signatory Airline that is shown on Tab F of the AUA as being an airline for which the Signatory Airline has agreed to be financially responsible.

The Aviation Department may incur costs without MII approval to design and construct any capital project that (1) is a Non-Port Authority Properties facility provided it will cause no increase in Airline Costs Per Enplaned Passenger (as defined below), (2) has net costs (i.e., project costs less equity sources such as grants or PFC revenue) that do not exceed \$15 million, (3) is financed by special facility revenue bonds not payable from Airport System funds, (4) is financed by a tenant or third-party source and not subject to reimbursement, (5) is in connection with the reclassification to Port Authority Properties, (6) is required under the Trust Agreement as certified by the Consulting Engineers, (7) is required to comply with a rule, regulation, order or requirement of any federal, state or

governmental agency, (8) is necessary to settle lawful claims, satisfy judgments or comply with judicial orders against the County by reason of its ownership, operation, maintenance or use of the Port Authority Properties or parts thereof, (9) is needed as a result of an emergency, (10) is needed to repair or replace casualty damage, (11) is a capital project previously approved by the MIIs, although if the scope materially changes and the revised construction estimate increases by more than 25% of the approved construction cost, the MIIs may review the increment in construction costs; and (12) is part of the approved CIP listed in Exhibit A of the AUA, with MIIs, however, having the right to review any increase in estimates of Exhibit A project costs, if such costs at the program level are more than 25% of original estimated program costs.

Airline Costs Per Enplaned Passenger ("CEP") means the ratio created by dividing Airline Costs for a Fiscal Year by enplaned passengers for the corresponding Fiscal Year. "Airline Costs" means that portion of revenues received by the County from Airlines in payment of (1) rents, fees and charges for use and occupancy of the terminal building, concourses and facilities related to the processing of air passengers and to the accommodation of passenger aircraft for loading and unloading of passengers and their bags and (2) landing fees at airports in the Airport System. MII review of all other projects is based on whether projected CEP are above a stated level, as expressed in all cases in 1998 dollars.

(a) If the projected CEP does not exceed \$30 (in 1998 dollars) in five (5) or more years of the ten (10) year projection period, then a project is deemed approved by the MIIs unless the Aviation Department receives written responses from the MIIs that they disapprove the project within forty-five (45) days of the request for approval. If disapproval occurs, the Aviation Department must defer the project for one hundred eighty (180) days and then re-submit the project to the MIIs for the same review process. Each such re-submitted project shall be deemed to be approved unless the Aviation Department receives written responses from the MIIs that they disapprove the project within forty-five (45) days of the re-submission. After one hundred eighty (180) days following resubmission, the Aviation Department may proceed with any such project that was disapproved by the MIIs on re-submission.

(b) If the projected CEP exceeds \$30 (in 1998 dollars) but does not exceed \$35 (in 1998 dollars) in six (6) or more years of the ten (10) year projection period, then the project is not deemed approved unless the MIIs signify their approval in writing within forty-five (45) days. Late responses and non-responses are deemed to signify approval of such project. If non-approval occurs, the Aviation Department must defer the project for one hundred eighty (180) days and then re-submit the project to the MIIs for the same review process within forty-five (45) days of the request for approval. No re-submitted project shall be deemed approved by the MIIs unless the MIIs provide written approval thereof within forty-five (45) days of resubmission. Late responses and non-responses are deemed to signify approval of such project. If construction of such project is not approved by the MIIs, the Aviation Department may still construct the project upon approval thereof by the Board of County Commissioners.

(c) If the CEP exceeds \$35 (in 1998 dollars) in six (6) or more years of the 10-year projection period, a construction moratorium occurs during the next Fiscal Year except for those 12 categories of projects listed above. However, the Aviation Department may present capital projects during such time period, and if it obtains MII approval then the Aviation Department may construct such projects.

The AUA permits each Signatory Airline to participate in the Aviation User Credit Program ("AUCP"). The Aviation Department is entitled to collect all fees applicable thereto in cash each time an airline uses the Airport. To avoid the administrative inconvenience to the Aviation Department and to the airline of collecting such cash payments at each time of use, the Aviation Department permits the Signatory Airline to participate in the AUCP under which the airline self-reports and self-pays the designated Aviation Activity fees by the 10<sup>th</sup> day of the month following the month in which the fees were incurred.

The AUA provides that an airline operating at MIA may be obligated to pay 100%, 105% or 150% of the Landing Fee Rate and certain aviation use fees (collectively, the "Aviation Activities" fees). An airline that both signs the AUA and participates in the AUCP pays only 100% of the established Aviation Activities fees. An airline that does not sign the AUA but is allowed to participate in the AUCP pays 105% of such fees, and an airline that fails to participate in or is removed from the AUCP is placed on a cash payment basis and must pay 150% of such fees, even if the airline has signed the AUA.

The Aviation Department calculates the Landing Fee Rate to be effective as of October 1 of each year based upon the annual budget for the Port Authority Properties and estimates of Total Landed Weight. The Landing Fee Rate may be adjusted semi-annually effective April 1. If the County is required because of emergency conditions to adjust the Landing Fee Rate effective at a time other than October 1 or April 1, the Aviation Department after proper notification of the MIA air carriers, may adjust the Landing Fee Rate. Promptly upon the cessation of the emergency conditions requiring any such adjustment, the Aviation Department will notify the air carriers to the adjustment that can be made because of the cessation of such conditions and the effective date upon which the adjustment will take effect.

For the use of the airfield at the Airport, each airline shall pay the County monthly Landing Fees determined by multiplying its Total Landed Weight during the month by the then-current Landing Fee Rate. Landing Fees are calculated by determining the difference between anticipated Revenue Credits and the total Revenue Requirement for the forthcoming year. The Revenue Requirement for the period of the fee calculation is estimated on a cash basis by totaling the following amounts:

- (i) Estimated Principal and Interest Requirements on Bonds issued under the Trust Agreement then outstanding and on Bonds to be issued during the period of the fee calculation;
- (ii) A coverage margin calculated as 20% of the estimated Principal and Interest Requirements;
- (iii) Estimated Current Expenses;
- (iv) Estimated change in the operating reserve for Current Expenses, which reserve is calculated as a percentage (not to exceed 20%) of estimated Current Expenses;
- (v) Estimated deposit, if any, from Revenues to the Bond Reserve Account required to meet the reserve requirement;
- (vi) Deposit to the Reserve Maintenance Fund in the amount recommended by the Consulting Engineers;
- (vii) Estimated debt service payable from Revenues on commercial paper then outstanding and on commercial paper to be issued during the period of the fee calculation, including amounts necessary to make hedge or termination payments;
- (viii) Estimated debt service and revenue covenant requirements payable from Revenues on other indebtedness (including, for example, subordinate debt, Passenger Facility Charge debt, or general obligation bonds) then outstanding and on other indebtedness to be issued during the period of the fee calculation;
- (ix) Estimated deposits to funds and accounts payable from Revenues that may be required in connection with commercial paper or other indebtedness; and
- (x) Costs of Prior Aviation Development Facilities ("Prior ADF"), if any, that may be payable from Revenues pursuant to a merger of the Port Authority Properties and Prior ADF, net of Prior ADF revenues related to such costs.

The total Revenue Credits for the period of the Landing Fee calculation is estimated on a cash basis by totaling the following amounts:

- (i) Revenues to be received during the period of the fee calculation from all sources, including the transfer from the Improvement Fund and Revenues from the Non-Signatory Differential, but exclusive of Revenues from (a) Landing Fees, (b) interest earnings on monies in the Reserve Maintenance Fund, and (c) interest earnings on monies in the Improvement Fund; and

(ii) Revenues to be received from landing fees for aircraft landings conducted prior to the effective date of the revised Landing Fee Rate (which, for example, includes Revenues received in October for landings conducted in September when computing the October 1 Landing Fee Rate).

The resulting differential between Revenue Requirement and Revenue Credits is then divided by estimated Total Landed Weight for the period to determine the Landing Fee Rate per one thousand (1,000) pounds of aircraft weight. (When computing the October 1 Landing Fee Rate, Total Landed Weight covers the 11-month period from October through August.)

In the AUA, the Signatory Airline acknowledges that the County (1) may deduct from the monies remaining in the Improvement Fund at the end of each Fiscal Year the sum of \$5 million to be deposited into the Retainage Sub-account up to a cumulative maximum balance of \$15 million, to be used by the Airport for any lawful airport purpose, (both of these dollar amounts are subject to an annual percentage adjustment, up or down, as defined in the AUA) and (2) may deposit to the Performance Sub-account 50% of the revenue amounts that exceed the break-even costs of the Cargo and Commercial Aviation Support Facilities. No maximum cumulative amount applies to the amounts in this sub-account, and monies in this sub-account may be used for any lawful purpose.

The Aviation Department and the airlines, through the MAAC, recently negotiated a Restated Airline Use Agreement (the "Restated AUA") that updates the AUA to reflect current conditions. The changes include: a tiered insurance provision allowing airlines operating smaller passenger and cargo aircraft to provide lower levels of insurance; a reduction in the security deposit requirement for payment of landing and aviation fees from the previous three month in estimated charges to two months in estimated charges; a clarification of the conditions under which airlines will receive relief from having to pay interest on delayed payments; a clarification of the Common Use Terminal Equipment (CUTE) Pricing Policy; and an amendment that allows further amendments to the Restated AUA upon concurrence of only 75% by number and landed weight of MAAC members rather than the current unanimous approval requirement. The expiration date of April 30, 2017 that applies to the AUA will apply to the Restated AUA. Although the AUA requires all amendments to the AUA to be approved by 100% of the Signatory Airlines, the Aviation Department will honor the changes in the Restated AUA as to those airlines that sign the Restated AUA. If 100% of the required Signatory Airlines do not approve the changes in the Restated AUA as reflected by their execution of the Restated AUA, the Restated AUA makes it clear that the prior AUA remains in full force and effect. As of December 31, 2014, fifty two (52) of the seventy six (76) operating Signatory Airlines have signed the Restated AUA

[End of AUA Summary]

**APPENDIX D**

**PROPOSED FORM OF BOND COUNSEL OPINION**

**APPENDIX E**

**PROPOSED FORM OF DISCLOSURE COUNSEL OPINIONS**

## APPENDIX F

### BOOK-ENTRY ONLY SYSTEM

*The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2016 Bonds, payment of interest and principal on the Series 2016 Bonds to Participants or Beneficial Owners of the Series 2016 Bonds, confirmation and transfer of beneficial ownership interest in the Series 2016 Bonds and other related transactions by and between DTC, the Participants and the Beneficial Owners of the Series 2016 Bonds is based solely on information furnished by DTC on its website for inclusion in this Official Statement. Accordingly, neither the County nor the Underwriters can make any representation concerning these matters or take any responsibility for the accuracy or completeness of such information.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each series of the Series 2016 Bonds, each in the aggregate principal amount of such maturity to be issued, as set forth on the inside cover page of this Official Statement, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds; DTC's records reflect only the identity of the

Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds within a particular maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption, principal and interest payments on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC. Neither the County nor the Underwriters take any responsibility for the accuracy or completeness of such information.

**NEITHER THE COUNTY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT OR TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2016 BONDS IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT, THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2016 BONDS, ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF SERIES 2016 BONDS UNDER THE TRUST AGREEMENT, THE SELECTION BY DTC OR ANY DTC PARTICIPANT OR ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2016 BONDS, OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2016 BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE HOLDERS OF SERIES 2016 BONDS OR REGISTERED OWNERS OF THE SERIES 2016 BONDS SHALL MEAN CEDE & CO., AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2016 BONDS.**



EXHIBIT "C"

ESCROW DEPOSIT AGREEMENT

(on file with the Clerk's Office)